

Price Riots In 4 Towns Quelled in Indonesia

One Death Is Reported As Fresh Unrest Comes Closer to the Capital

By Cindy Shiner
Washington Post Service

JAKARTA — Rioters burned shops and cars and ransacked a church Friday in some of the worst violence to hit Indonesia since an economic crisis struck the country seven months ago.

News agencies reported that hundreds of people went on the rampage over high prices in the towns of Pamanukan, Losari, Gebang and Jatwangi, in the west of the main island of Java.

One death was reported in the worst unrest, in Losari, where more than 3,000 people rioted, the official Indonesian press agency, Anasra, reported. It said the victim was a man. No details of the fatalities were immediately available.

Security forces broke up the mobs and were patrolling the streets in the four towns. There were no other immediate reports of deaths or injuries.

"My children and I are still too afraid to leave our house," a woman said after a day of rioting in Pamanukan. "My neighbors are scared as well," she told The Associated Press by telephone.

Inflation has soared, and the value of the country's currency has plummeted since the crisis began in July and the government of President Suharto started to carry out economic reforms to meet the requirements of a \$43 billion rescue led by the International Monetary Fund.

Up to 15 cities have witnessed violence over the last couple of months in Indonesia. The latest rioting is likely to raise tension in the capital, Jakarta, because the towns that were hit are closer to the city than others where violence has occurred. Most of the rioting had been confined to East and Central Java, but the scene of some of the rampaging Friday was only an hour's drive from Jakarta.

President Suharto on Thursday again ordered security forces to take tough action during protests and unrest. The day before, more than 100 people who were peacefully protesting price increases were arrested in Jakarta.

Most of the shops attacked in the rioting Friday belong to ethnic Chinese. Although they make up only 3 percent of the population they control most of the country's wealth and are resented by the increasingly distressed population.

There are growing concerns that the unrest is taking on religious overtones. Churches have been ransacked, as they were during legislative elections last year. Most of the ethnic Chinese in Indonesia are Christians, and 90 percent of the nation's 200 million people are Muslim. Some of those hardest hit by the economic crisis are among the country's most conservative followers of Islam.

Tension is expected to rise leading up to the presidential election in March, in which Mr. Suharto will seek a seventh

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French Skier's First Ever Victory: Golden

Favorite Takes Spectacular Fall

By Amy Shipley
Washington Post Service

HAKUBA, Japan — On a course that proved treacherous because of warm weather that softened the snow, Jean-Luc Cretier of France skied a safe, smart race Friday and found himself the winner in the men's downhill on Happono — a race twice delayed by unfavorable weather.

Cretier became the first Frenchman since Jean-Claude Killy in 1968 to win the Olympic downhill by finishing in 1 minute 50.11 seconds, 0.40 seconds ahead of Lasse Kjus of Norway.

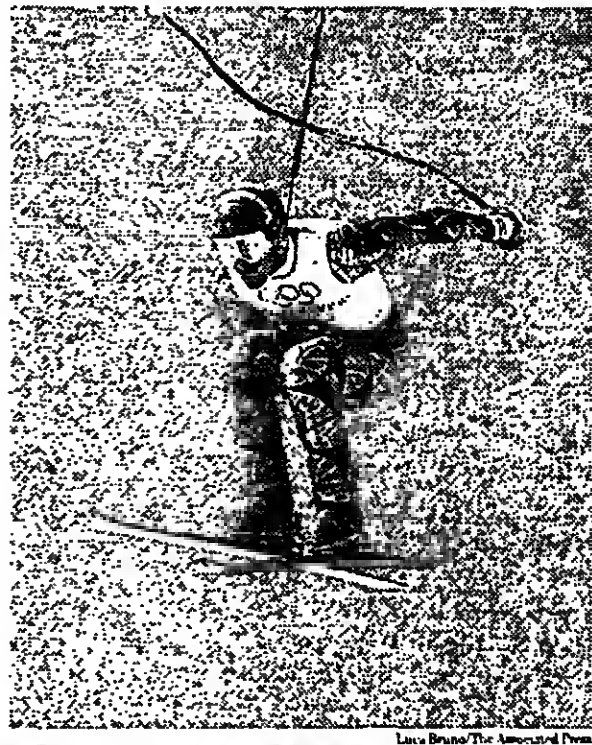
Cretier also surpassed the highly favored Austrian contingent, which managed only a bronze medal from Hannes Trinkl, who is considered no better than the third-best Austrian competing Friday.

Hermann Maier of Austria, who is leading the overall World Cup standings, took a horrific fall that sent him tumbling and flying about 138 meters. He plowed through two soft fences before sliding to a stop.

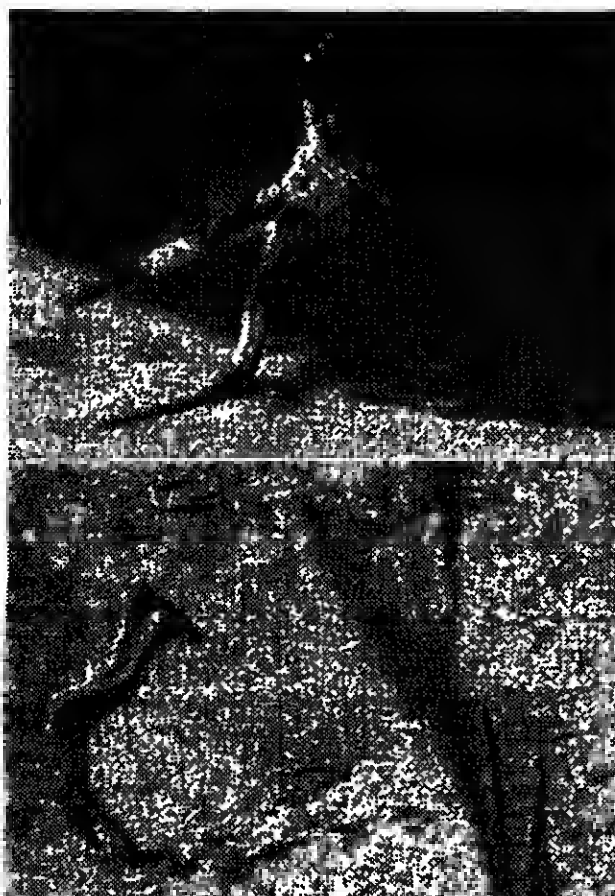
Despite the terrible nature of the crash, he walked off the course. He suffered hip and shoulder injuries and a bad headache and did not compete in the men's combined downhill.

That race was won later Friday on the same course by Mario Reiter of Austria. Kjus took the silver and Christian Mayer of Austria won the bronze.

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Jean-Luc Cretier making his victory run Friday.



Hermann Maier sailing through the air and crashing Friday after speeding out of control in the men's downhill race. Afterward, he shook off the snow and walked off the course with bruises and a headache.

Under Pressure to Spend, Hashimoto Wants to Save

By Nicholas D. Kristof
New York Times Service

TOKYO — Prime Minister Ryutaro Hashimoto comes across these days out as the captain of one of the world's most powerful ships of state but as a man overboard, bobbing in waves of unpopularity, threatened by an economic typhoon on the horizon.

The puzzle is that he seems unsure whether to inflate his life jacket.

Officials in Washington and in Asian capitals are increasingly alarmed and angered by Mr. Hashimoto's reluctance to stimulate the fragile Japanese economy.

They fear that his inaction could worsen the Asian financial crisis and provoke a global slowdown. They foresee an economic confrontation about the inter-

national repercussions of Japan's domestic economic policy, rather than about trade barriers.

Yet Mr. Hashimoto has been hesitant about any huge tax cut or spending package that could give Japan a fiscal jolt to bring it back to life, because he fears such a package would be fiscally irresponsible as Japan prepares for the burden of caring for an aging population.

A thorough program of deregulation to revive the economy also seems unlikely, and so Mr. Hashimoto has offered little more than ringing denials that he will bring the rest of the world down with him.

"We absolutely will not allow a global financial panic or economic depression to begin in Japan," Mr. Hashimoto said as he opened Parliament last month.

Like all Japanese prime ministers, Mr. Hashimoto, 60, is more visible than he is powerful, with much less

room to maneuver than even a weak U.S. president would have. Yet he is still the point man in the current economic crisis.

Japan's economy, twice as large as that of the rest of Asia, has been stagnating since 1990, its falling markets erasing more than \$5 trillion from the value of Japanese stocks and real estate.

So why is Mr. Hashimoto sitting on his hands?

He declined to be interviewed for this article. But former Prime Minister Kiichi Miyazawa apparently reflected the incumbent's view in an hour-long interview in which he emphasized that Japan simply cannot afford the kind of stimulus package that Washington would like.

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Clinton Says Russia Can't Stop an Attack

It's Up to Saddam to Prevent Strike Against Iraq, President Declares

Compiled by Our Staff From Dispatches

WASHINGTON — The United States insisted Friday that it could not walk away from its obligation to stop Iraq from developing weapons of mass destruction and that Russian objections would not prevent the use of force.

President Bill Clinton said he still hoped for a diplomatic solution to the crisis but that it was up to President Saddam Hussein of Iraq whether U.S. military forces launched an attack on his weapons sites.

"It will be Saddam Hussein's decision, not mine," he said.

Mr. Clinton said Russia's opposition to military action would not stop U.S. forces from going ahead but that this should not harm overall relations with Moscow. Asked whether he might order a military strike on Iraq, "if Russia says 'no,'" Mr. Clinton replied: "No, it is not 'no' for the United States under these circumstances."

General Henry Shelton, chairman of the Joint Chiefs of Staff, meanwhile, said that Iraq had rebuilt its air defenses since the 1991 Gulf War and would pose a serious threat to U.S. and British pilots in the event of an attack.

"We are concerned about his air defense," General Shelton said. "We are

was confident of success if diplomacy failed."

"If I were Saddam Hussein, I would be concerned about a potential strike," General Shelton said, emphasizing that an attack would not target Mr. Saddam himself.

At the United Nations, Secretary-General Kofi Annan repeated Friday that he was not ruling out a mission to Baghdad after Russia stepped up pressure for such a trip to defuse the standoff. Mr.

See IRAQ, Page 5

Bombs Alone Not Expected To Undermine Iraq Seriously

By Bernard E. Trainor
New York Times Service

The commander of U.S. forces in the Gulf has a formidable arsenal at his disposal. Yet even all that weaponry is probably not enough to accomplish what President Bill Clinton has stated as the goal of military action: to "substantially reduce or delay" Iraq's ability to develop and deliver weapons of mass destruction.

There is a wide gap between the political aims that the Clinton administration has set forth and the military ability to achieve them, according to senior U.S. military officials at the Pentagon and in the field.

They say they believe that an air campaign will neither destroy President Saddam

NEWS ANALYSIS

Hussein's weapons program nor be likely to drive him from power. With this in mind, officers are skeptical of any air plan that one described as just "putting holes in the desert."

Air power alone, using nonnuclear weapons, has never forced an enemy to give up.

During the Gulf War in 1991, General H. Norman Schwarzkopf sent off thousands of planes on a round-the-clock bombing campaign against Iraq for more than a month to make Mr. Saddam withdraw from Kuwait. In the end, a half-million soldiers were needed to drive the Iraqis out.

This time around, however, there is no support — in the administration, Congress, the American public, or among most U.S. allies — to send in ground troops and risk the casualties such an assault would entail.

Hitting sites destroyed once in the 1991 war is thought to be no more likely to produce the political results the administration desires now.

The bombing runs during the war and since have not inspired a revolt to toss out Mr. Saddam, as some U.S. officials have said they hoped. Nor have they modified the Iraqi president's behavior.

But while a bombing campaign may

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Nigerians Capture Junta As It Flees Sierra Leone

By Howard W. French
New York Times Service

ABIDJAN, Ivory Coast — In a dramatic conclusion Friday to a brief but intense struggle for power, Nigerian jets intercepted at least two helicopter gunships carrying as many as 50 senior members of Sierra Leone's military leadership who were trying to flee their country to neighboring Liberia after the collapse of their defenses in the Sierra Leone capital, Freetown.

The jets were part of an African intervention force that began an attack last week to unseat the junta and return the

country's elected president, Ahmed Tejan Kabbah, to power. Mr. Kabbah was overthrown by military troops under Lieutenant Colonel Johnny Paul Koromah.

The arrested military leaders were forced to land their Ukrainian-piloted helicopters near the Liberian capital, Monrovia, and were taken into custody at a Nigerian-run base for a regional peacekeeping force in that country.

The rout of Sierra Leone's military leadership came after three days of heavy Nigerian bombardment and intense fighting for control of Freetown. With their last positions crumbling, there were reports early Friday of fleeing junta members being chased through the streets of Freetown by angry mobs, who reportedly beat and burned the bodies of those they captured.

The defeat of the Sierra Leone forces set the stage for the return to office, nine months after his overthrow, of Mr. Kabbah, Sierra Leone's first democratically elected president, who had served for only one year before his overthrow May 25 at the hands of a coalition of junior officers, escaped prisoners and members of a longtime rural-based rebel movement.

Our forces have occupied about 90



Boatloads of refugees from Sierra Leone arriving Friday in Guinea.

AGENDA

Firms Call Off Merger

KPMG and Ernst & Young on Friday called off a plan to merge and form the world's largest accounting firm. Page 9.

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Crossword Page 18.
Opinion Page 6.
Sports Pages 18-21.

The Intermarket Page 4.
The IHT on-line: www.ih.com

The Dollar

New York	Friday @ 4 P.M.	previous close
DM	1.8181	1.8083
Pound	1.634	1.6404
Yen	125.21	124.515
FF	6.094	6.0825

The Dow

Friday close	previous close
+0.5	8370.10
	8369.60

S&P 500

Friday @ 4 P.M.	previous close
change	1020.09
	1024.14

Ulster Police Accuse IRA

Reporting Assertion, London and Dublin Face Decision on Expelling Sinn Fein From Talks

By James F. Clarity
New York Times Service

DUBLIN — In statements that appeared to move the Northern Ireland peace effort toward a new crisis, the British and Irish governments said Friday that the chief constable of police in the British province has asserted that the Irish Republican Army had been involved in the killing of two civilians this week in Belfast.

The Irish Republic and Britain said immediately that they would now have to decide whether the statement, by Chief Constable Ronnie Flanagan of the Royal Ulster Constabulary, was grounds for expelling the IRA's political wing, Sinn Fein, from the negotiations. The talks are intended to produce a peaceful settlement in the British province of the sectarian warfare between the Protestant majority and Roman Catholic minority that has killed more than 3,200 people since 1969.

"It's a very serious matter," said the Prime Minister Bertie Ahern of Ireland. He said he received the chief constable's findings Thursday night in a telephone conversation with Prime Minister Tony Blair of Britain. Mr. Ahern said he had also discussed the situation with President Bill Clinton.

John Hume, the prominent Catholic mainstream leader in the North, said the

constable's report was "a serious setback" for the peace effort.

Officials and experts said they feared that if Sinn Fein were expelled, the IRA would resume its campaign of violence against British sovereignty in the province. This could provoke Protestant paramilitary retaliation with attacks in the North and here in the Irish Republic.

But if the governments decided against expulsion of Sinn Fein, that could provoke a walkout by Protestant negotiators at the talks, which had recently begun to deal seriously with proposals for a new political structure for Northern Ireland. The two governments' decision on whether to expel Sinn Fein is expected by Monday, when the peace talks come to Dublin for three days.

The chief constable's report was made public, in part, by Mo Mowlam, the British Northern Ireland secretary, who quoted him as saying, "The IRA were involved in these murders." Ms. Mowlam said she and Mr. Ahern would study the report "very carefully" before deciding on expulsion.

Sinn Fein continued to insist that it was not representing the IRA at the talks, an assertion that virtually no one on the island of Ireland, Catholic or

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Newsstand Prices	
Andorra	10.00 FF Lebanon.....LL 3,000
Antilles	12.50 FF Morocco.....16 Dh
Cameron	1,600 CFA Cote d'Ivoire.....10.00 QF
Egypt	5.50 FF Reunion.....12.50 FF
France	10.00 FF Saudi Arabia.....10 SF
Gabon	1,100 CFA Senegal.....1,100 CFA
Italy	2,800 Lire Spain.....225 Ptas
Jordan	1,250 JD Tunisia.....1,250 Dn
Kuwait	1,250 U.A.E. U.A.E.....10.00 Dh
	1,700 Fils U.S. M.L. (Eur).....\$1.20



POLITICAL

Clinton to Unveil Anti-Drug Strategy

WASHINGTON — President Clinton's new drug strategy, which promises to reduce drug use and availability by half in 10 years, will be unveiled on Monday for the first time since the performance objectives for the strategy were set by the White House.

Under the proposal, the Justice and other law enforcement agencies would coordinate their efforts to target drug seizures, while the Department of Health and Human Services would adopt new measures to improve drug treatment programs.

Mr. Clinton was to announce the strategy on Saturday, but a heavy rainstorm forced him to postpone the announcement.

Too Much TV Time For Consultants?

WASHINGTON — It may be time to pay attention to the TV stars who are busy selling their services to the White House.

At least that is what the Democrats claimed in a Thursday attack on the House Committee on Education and the Workforce, which has been investigating the role of consultants in the White House.

The committee's report, which was released on Thursday, says that the White House has spent more than \$20 million on consultants since the Clinton administration took office in January 1995.

The report also says that the White House has hired more than 100 consultants, many of whom have been paid more than \$100,000 a year.

The committee's report says that the White House has hired consultants to help with everything from budgeting to foreign policy.

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Shooting of Prefect in Corsica: Finally, One Killing Too Many?

By Marlene Simons
New York Times Service

AJACCIO, Corsica — There is a macabre cycle in Corsica's nationalist politics. Every few months public buildings are bombed or someone is shot down in classic gangland style in the name of gaining greater autonomy from Paris. With the funeral comes an outcry from the people on this beautiful but troubled Mediterranean island. A truce follows — until the next shoot-out.

But the latest act of terrorism here might change the nature of the Corsican conflict. The well-planned killing of Claude Erignac, France's most senior government representative on this island, last Friday has infuriated not only Paris but also unusually large numbers of Corsicans.

On Wednesday, some 40,000 people marched in protests in several cities — an unprecedented portion of the island's 250,000 residents. It appears to be a turnout for Corsica, where people have often refrained from demonstrating for fear of vicious reprisals from nationalist militants.

The silent marches in Ajaccio, Bastia and other towns were organized by a women's movement for peace, which two years ago said out loud what other citizens were feeling — that many people were sick of the rival clandestine groups who, behind their patriotic masks, have been the cause of two decades of instability, protection rackets and murky crimes.

"It's not just this murder," said Victoria Canale, a representative for the movement in Ajaccio. "Many murders have not been solved. Political groups claim the right to kill. We say this is unacceptable."

Reactions from Paris have been predictably tough. Mr. Erignac, the 60-year-old official who was shot in the back of the head while walking to the theater in Ajaccio, was prefect of Corsica. In France's centralized political system, this amounts to a governor appointed by Paris.

President Jacques Chirac, Prime Minister Lionel Jospin and other high officials have rushed to Ajaccio, the island's capital, to state that such defiance of the government will not work. The

national's top anti-terrorist prosecutors and police squads have swooped down. But among the dozen or so men arrested in recent days on charges of possessing illegal firearms and dynamite, there appear to be no members of the little-known Sampiero group, which claimed responsibility for the killing in a statement mailed to the press.

It remains to be seen if this government will do any better than its predecessors in dealing with nationalist rebels on an island that is closer to Italy than France in language, culture and geography. For two decades now, Paris has alternated clampdowns and incentives. It has sent large subsidies to buy peace and tried negotiations.

"Paris has no idea," said a tour operator, an outsider who has long lived here. "It's like being polite to the gangs in Sicily."

For the last week the killing has dominated the news in France; while Corsican groups have specialized in throwing bombs at government buildings and have at times killed low-level officials and policemen, until now no such high-

level government figure had been slain.

President Chirac has caused much consternation with his public comment that the killing may be tied to "mafia-type interests." It is well known here that the once-dominant National Liberation Front has split into a dozen groups, each of which claims a different doctrine or strategy to gain control over Corsican affairs.

But what is usually only whispered here is that several of the nationalist factions run extortion rackets under the guise of collecting "revolutionary taxes" and at times have scared off rivals or uncooperative business owners by dynamiting their properties.

Police investigators have said that there is growing evidence of activities in which "organized crime and nationalist activities sometimes overlap," including laundering money and making counterfeit money.

The minister of the interior, Jean-Pierre Chevènement, who has already visited Ajaccio twice since the killing, said that Mr. Erignac was slain "because of his work." The minister did not provide details, but investigators have

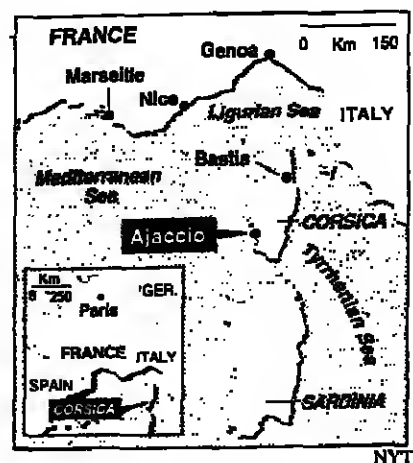
told the weekly journal *Le Canard Enchaîné* that the slain prefect had been uncommonly active in investigating rackets and had become an obstacle to some local businesses.

The magazine said the victim had been investigating the embezzlement of generous government subsidies from Paris and from the European Union. He had refused a number of construction permits and had also opposed plans by Italian-American developers to build hotels and a casino on land owned by the military on the southern coast.

Mr. Erignac had also promised to investigate complaints from villagers on the coast that the cost of a local water treatment plant was suddenly 10 times higher than its original budget.

In a move from which politicians expect more results than from past fruitless negotiations with extremist groups, deputies in Paris announced this week that Parliament was opening an investigation of public finances in Corsica.

As thousands of silent protesters marched past the slain prefect's office, Paul Enri stopped to sign a book of condolences. "I'm filled with shame,"



NYT

he wrote, then, with tears in his eyes, he told a friend, "I used to be proud of being Corsican."

Mr. Enri's friend blamed Paris. "There are only a few hundred extremists," he said. "But Paris has thrown money at the nationalists instead of handcuffing them."

New Prefect Arrives

The new prefect, Bernard Bonnet, took up his post Friday. Reuters reported from Ajaccio. He is a former police chief who was in charge of Corsican security in 1991 and 1992.

Russian Held In Slaying Of Journalist

By Michael R. Gordon
New York Times Service

MOSCOW — Russian officials have announced the arrest of a retired military intelligence official in connection with the killing of an investigative journalist three years ago.

The journalist, Dmitri Kholodov, 27, had been investigating corruption in the Russian military when he was killed by opening a booby-trapped suitcase.

His targets included a former defense minister, General Pavel Grachev, and the former commander of Russian troops in Germany, General Pavel Burtakov. Mr. Kholodov said General Burtakov had engaged in black-marketing and arms smuggling.

Among his allegations, Mr. Kholodov wrote that weapons had been sold illegally to purchase Mercedes sedans in Germany. The cars were then shipped to Moscow, he said, for use by General Grachev, who was nicknamed Pasha Mercedes by Moskovsky Komsomols, the newspaper where Mr. Kholodov worked.

In the midst of his investigations, in October 1994, Mr. Kholodov received a telephone call urging him to pick up a suitcase from a Moscow train station containing documents about corruption in the Russian military. He brought the suitcase back to his office and was killed when it exploded.

His editors blamed the military and suggested that General Grachev was involved in the killing.

Other newspapers speculated about plots by corrupt intelligence officers or lower-ranking military officers. General Grachev blamed the Russian underworld.

But the arrest Thursday pointed to the military's involvement.

The prosecutor-general announced Thursday evening that he had charged a retired colonel, Pavel Popovskikh, with organizing the killing. Colonel Popovskikh was director of intelligence for Russia's paratroopers.

There was no indication that the investigation would implicate more high-ranking officials like General Grachev, himself a former paratrooper. But the Russian news agency Interfax quoted officials as saying they planned to arrest several of Colonel Popovskikh's accomplices.



VIOLENCE IN ITALY — Riot policemen in Naples pushing back jobless protesters on Friday.

ULSTER: Closer to Crisis Over Sinn Fein

Continued from Page 1

Protestant, believes. Sinn Fein was admitted to the talks in September after the IRA declared a cease-fire in July and Gerry Adams, the Sinn Fein president, pledged his party would uphold, as a condition of its participation, the Mitchell Principles, issued by the chairman of the talks, former U.S. Senator George Mitchell.

The principles say, in part, that participants in the talks pledge "to renounce for themselves, and to oppose any effort by others, to use force or threaten to use force, to influence the course of the outcome of all-party negotiations."

Thursday night, in a move clearly intended to help Sinn Fein hold its place at the talks, the IRA issued a statement saying, "Contrary to speculation surrounding recent killings in Belfast, the IRA cessation of military operations remains intact." But the execution of drug dealers is not normally, in IRA parlance, a military operation, and the organization's statement did not assert directly

that the IRA had no involvement in the murders of a reputed drug dealer, Brendan Campbell, a Catholic, and of Robert Dongan, a Protestant member of the outlawed Ulster Defense Association, a paramilitary group.

David Trimble, head of the Ulster Unionist Party, and other Protestant leaders said the Catholic man was killed as part of an internal Republican struggle to control drug trafficking in Belfast.

The governments' decision was further complicated by the fact that on Thursday the British indicated clearly that they and the Irish would soon reinstate in the talks a small Protestant party, the Ulster Democrats, representing a paramilitary group, the Ulster Freedom Fighters. The Ulster Democrats were suspended from the talks three weeks ago after the Freedom Fighters admitted killing three Catholics in December and January.

Protestant leaders said that unless the two governments wanted to apply a double standard for violence, Sinn Fein must be suspended or banned permanently. Mr. Adams pointed out that the



Mo Mowlam, the Northern Ireland secretary, speaking Friday in Ulster.

IRA did not admit any killing, and that Sinn Fein had a right to be at the talks on the basis of its electoral mandate, having won 16 percent of the vote in

the last general election in May 1997. Asked if he thought the peace effort could succeed without Sinn Fein in the talks, he said, "No."

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BRIEFLY

Weather Halts Afghan Relief

RUSTAK, Afghanistan — Harsh winds, snowfall and fog thwarted efforts Friday to distribute aid to survivors of the devastating earthquake last week in northeastern Afghanistan.

United Nations aircraft with tons of supplies waited in vain on the ground in neighboring Pakistan. Aid workers hoped for a break in the weather that would let them reach communities hit by the powerful quake, which split mountains and buried villages beneath rock and mud. Nearly 5,000 people died and thousands more are missing.

The wintry weather stalled relief efforts that had only begun to help survivors. A brief respite Thursday allowed a World Food Program convoy to reach the regional center of Rustak after four tortuous days on the road, aid workers said. Several tons of aid were also flown in. (AP)

India Polls See Hung Parliament

NEW DELHI — Two leading opinion polls published Friday forecast that India's national elections would end in a hung Parliament, thwarting Hindu nationalist hopes of coming to power.

Both polls, appearing one day before a ban on opinion surveys, said the United Front coalition and the Congress (I) Party would be able to form the next government if they revived their alliance that collapsed in November.

Surveys in the news magazine *India Today* and the newspaper *Times of India* said the Hindu nationalist Bharatiya Janata Party and its backers would win more than 200 of the 545 seats in the lower house, but would not gain a majority.

That would leave the way open for the Congress Party and the multiparty United Front, which both see the nationalists as a threat to India's secular constitution, to forge a new partnership. (AFP)

India votes Feb. 16, 22 and 28 and March 7.

Opposition Leads German Poll

BONN — Germany's opposition Social Democrats maintained their small lead over Chancellor Kohl's Christian Democrats in a poll published Friday.

Thirty-nine percent of those polled said they would vote for Social Democrats in an election held now, one point up from a month before. An unchanged 37 percent would vote

for the Christian Democrats or its Bavarian sister party. In the survey presented by ZDF television, the Greens saw their support unchanged at 10 percent.

Such an outcome in the election in September would allow a coalition of the Social Democrats and Greens to control Parliament. (Reuters)

Luxembourg Envoy in Limbo

SAN FRANCISCO — A vote on the nomination of a gay businessman as U.S. ambassador to Luxembourg has been postponed indefinitely amid signs that he may never be confirmed.

The businessman, James Hormel, who would be the first openly gay ambassador in U.S. history, was approved by the Senate Foreign Relations Committee in November. But his nomination has been held up because of opposition from senators who have been lobbied by conservative organizations.

The Senate majority leader, Trent Lott, said Friday the opposition meant that he would not schedule a vote on the Senate floor any time soon.

Objections to Mr. Hormel stem largely from a \$500,000 donation he made to the San Francisco Public Library to establish a reading room dedicated to gay material. His opponents say some material extols pedophilia. (AP)

Havel Improves in Hospital

PRAGUE — President Vaclav Havel remained hospitalized Friday, but his temperature had dropped to normal, his office reported Friday.

Mr. Havel, 61, was hospitalized Thursday with what appeared to be a viral infection. It was his second hospitalization in three months. (AP)

Italy Leftists Drop the Hammer

ROME — Italy's largest leftist party is dropping the hammer and sickle from its logo, removing the last vestiges of communism, it said Friday.

The Democratic Party of the Left, successor of Italy's Communist Party and the largest member of the coalition government, also plans to change its name to the Democrats of the Left.

The hammer and sickle will be replaced with a rose and the stars of the European Union. (AP)

RELIGIOUS SERVICES

AMSTERDAM		BRUSSELS/WATERLOO		NICE - FRANCE	
CROSSROADS INTERNATIONAL CHURCH (Interdenominational & Evangelical) Sunday Service 10:00 a.m. & 11:30 a.m. / Kids Welcome. De Guevelstraat 3, S. Amsterdam Info: 020-641 8812 or 020-6451 883.		ALL SAINTS' CHURCH, 1st Sun. 9 & 11:15 Holy Eucharist. All other Sundays: 11:15 Holy Eucharist and Sunday School. 563, chaussée de Louvain, Ohain, Belgium. Weekdays, 9 a.m. to 14:10. Waterloo, Tel: 322 384-3555.		I.B.C. 13 rue Vernier, evening 18:30. Sunday evening 18:30. pastor Roy Miller - Tel: (04 83) 32 05 68.	
FRANCE/TOULOUSE		WIESENADEN		ST. PAUL DE VENCE - FRANCE	
HOPE INTERNATIONAL CHURCH (Evangelical), 4, bd de la Pêche, Colmar, Sunday service 6:30 p.m. Tel: 03 67 41 11 55.		THE CHURCH OF ST. AUGUSTINE OF CANTERBURY, 10 a.m. Family Eucharist, Frankfurtstrasse 3, Wiesbaden, Germany. Tel: 49 611 30 68 74.		St. Paul de Vence - France I.B.C. Espace St. Claire, 1047, 06100 St. Paul de Vence, France. Tel: (0493) 320-593.	
FRENCH RIVIERA/CÔTE D'AZUR		THE EPISCOPAL CHURCHES OF EUROPE (Anglican)		PRAGUE	
NICE Holy Trinity (Anglican), 11 rue Buffe, Sun. 11; VENICE St. Hugh's, 22, av. Renaissance, 9 a.m. Tel: 33 04 93 87 18 33.		PARIS AND SUBURBS		I.B. Fellowship, Vinohradska 68, Prague 3, Sun. 11:30. Tel: (02) 311 7974.	
English Speaking International Catholic Parish, 58 Leonhardt, Alte Meiner Gasse 8, 60311 Frankfurt, Germany. Tel/Fax 069-263177. Mass schedule: Saturday 5 p.m., Sunday 10 a.m. Concessions: 12 hour before Mass.		THE AMERICAN CATHEDRAL OF THE HOLY TRINITY, Sun. 9 & 11 a.m., 10:45 a.m. Sunday School for children and Nursery care. Third Sunday 5 p.m. Evening, 23, avenue George V, Paris 75008. Tel: 33 01 33 23 84 00. Metro: George V or Alma Marceau.		WATERLOO BAPTIST FELLOWSHIP	
PARIS AND SUBURBS		FLORENCE		Sun. 10:00 at Swedish Church, across from McDonalds, Tel: (02) 583 1585.	
EMMANUEL BAPTIST CHURCH - 58, rue des Bons-Religions, 92500 Rueil-Malmaison. Worship: 9:45 - 11:00 a.m. Sunday School. For info Tel: 01 47 51 28 67 or 47 49 15 29 or: http://www.geocities.com/Paris/Metro/1132.		ST. JAMES' CHURCH, Sun. 9 a.m. 9:15 & 11 a.m. 11:15. Tel: 39 65 29 44 17.		ZURICH - SWITZERLAND	
HOPE INTERNATIONAL CHURCH (Evangelical), 4, bd de la Pêche, Colmar, Sunday service 6:30 p.m. Tel: 03 67 41 11 55.		FRANKFURT		I.B.C. of Zürich, Gletschstrasse 31, 8803 Rüschlikon, Switzerland. Sunday mornings 10:30. Tel: 1-4810018.	
PARIS AND SUBURBS		GENEVA		JERUSALEM	
EMMANUEL BAPTIST CHURCH - 58, rue des Bons-Religions, 92500 Rueil-Malmaison. Worship: 9:45 - 11:00 a.m. Sunday School. For info Tel: 01 47 51 28 67 or 47 49 15 29 or: http://www.geocities.com/Paris/Metro/1132.		EMMANUEL CHURCH, 1st & 3rd Sun. 10 a.m. Eucharist 2nd & 4th Sun. Morning Prayer 3rd Sun. 10:45 a.m. Sunday School and Nursery care. Third Sunday 5 p.m. Evening, 23, avenue George V, Paris 75008. Tel: 33 01 33 23 84 00. Metro: George V or Alma Marceau.		LUTHERAN CHURCH OF THE Redeemer, Old City, Jerusalem. Tel: (02) 6881-048.	
PARIS AND SUBURBS		MUNICH		PARIS	
EMMANUEL BAPTIST CHURCH - 58, rue des Bons-Religions, 92500 Rueil-Malmaison. Worship: 9:45 - 11:00 a.m. Sunday School. For info Tel: 01 47 51 28 67 or 47 49 15 29 or: http://www.geocities.com/Paris/Metro/1132.		THE CHURCH OF THE ASCENSION, Sun. 11:45 a.m. Holy Eucharist and Nursery care. Sunday School. 2nd Sunday 9 a.m. & 11 a.m. Sunday School and Nursery care. Third Sunday 5 p.m. Evening, 23, avenue George V, Paris 75008. Tel: 33 01 33 23 84 00. Metro: George V or Alma Marceau.		AMERICAN CHURCH IN PARIS. Worship 11:00 a.m. 65, Quai d'Orsay, Paris 7. Bus 63 at door, Metro Alma-Marceau or Invalides.	
PARIS AND SUBURBS		ROME		ZURICH	
EMMANUEL BAPTIST CHURCH - 58, rue des Bons-Religions, 92500 Rueil-Malmaison. Worship: 9:45 - 11:00 a.m. Sunday School. For info Tel: 01 47 51 28 67 or 47 49 15 29 or: http://www.geocities.com/Paris/Metro/1132.		ST. PAUL'S WITHIN-THE-WALLS, Sun. 8:30 a.m. Holy Eucharist 9:15 a.m. Choral Eucharist 10:30 a.m. Church School for children & Nursery care provided. 1 p.m. Spanish Eucharist. Via Napoli 58, 00184 Rome. Tel: 391 488 3398 or 391 474 3399.		INTERNATIONAL PROTESTANT CHURCH English speaking, worship service, Sunday 9:00 and 10:30 a.m. Bloemendaal 54, Wassenaar 071-577-8024 nursery prov.	
PARIS AND SUBURBS		ZURICH-SWITZERLAND			
EMMANUEL BAPTIST CHURCH - 58, rue des Bons-Religions, 92500 Rueil-Malmaison. Worship: 9:45 - 11:00 a.m. Sunday School. For info Tel: 01 47 51 28 67 or 47 49 15 29 or: http://www.geocities.com/Paris/Metro/1132.		ST. PAUL'S WITHIN-THE-WALLS, Sun. 8:30 a.m. Holy Eucharist 9:15 a.m. Choral Eucharist 10:30 a.m. Church School for children & Nursery care provided. 1 p.m. Spanish Eucharist. Via Napoli 58, 00184 Rome. Tel: 391 488 3398 or 391 474 3399.			

France Urges More 'Obstinacy' in Diplomacy With Iraq

By John Vinocur
International Herald Tribune

PARIS — France believes that "obstinacy and persuasion" can still prevail on Saddam Hussein and bring a nonmilitary conclusion to the crisis over his obstruction of United Nations weapons inspections.

Saying that he thought the United States had not yet made a decision on the use of force in Iraq, Foreign Minister Hubert Vedrine insisted Friday that diplomatic efforts were far from played out. "Obviously, you've got to be very, very obstinate," he said. "But we're very obstinate."

France strongly wants the UN secretary-general, Kofi Annan, to go to

Baghdad to attempt to persuade Mr. Saddam to bend on allowing further inspection of suspect sites. "We won't have been able to say that every last effort was made if the secretary-general hasn't gone," Mr. Vedrine said in an interview.

Stressing his country's role as a permanent member of the Security Council, the foreign minister sought to explain how the French position on a potential U.S. military strike against Mr. Saddam's regime differed from the Clinton administration by other allies.

No one has the slightest doubt that Mr. Saddam must bend, he said, and France and the United States agree on the necessity to dismantle Iraq's ca-

pacity to create weapons of mass destruction.

But a strike on Iraq is only a hypothetical situation for the moment, and from the point of view of France, it is premature to say how it will react to American military action while diplomacy is still operative. As for the majority of France's European partners, who found no contradiction in expressing support for a military alternative if talks failed, Mr. Vedrine said:

"The others put themselves in the middle of this hypothesis as if diplomatic efforts had already collapsed. You can't say that."

When he was asked to explain the extreme verbal caution characterizing official French statements on Mr. Sad-

dam, while he was referred to as a criminal by leaders in Britain and Germany, Mr. Vedrine made it clear that he had no affection for him, but added, "Perhaps the others are managing things in the light of their relations to the United States or their public opinion."

"We aren't looking to make statements that please this person or irritate that one."

Mr. Vedrine was also asked why President Jacques Chirac of France, talking to reporters in Vienna on Thursday, expressed concern about the Iraqi women and children who might be casualties in a military strike without mentioning Mr. Saddam's history of hostage-taking and charges of using Iraqis

as human shields to protect suspected arsenals and weapons factories. Mr. Vedrine defended Mr. Chirac and said, "The situation of the Iraqi population isn't created by French statements."

The foreign minister declined to speculate how much time remained for diplomatic efforts to win Mr. Saddam around, but said that the United States and Europe had to ask themselves what kind of "grave and serious" consequences an attack on Iraq would have in the Arab and Islamic worlds.

"There is the hypothesis of the military strike," he said, "but even those who have accepted the principle for a political reason that concerns only them, even these people question the results and the yield."



Foreign Minister Hubert Vedrine favors further diplomacy over Iraq.

Flip Side of Israel's Birth: Palestinians Preparing To Observe 'Catastrophe'

By Joel Greenberg
New York Times Service

RAMALLAH, West Bank — As Israel begins celebrations of its 50th year of independence, Palestinians are planning a different sort of commemoration: the 50th anniversary of what they call "the catastrophe."

"Nakbah," which also means "calamity" or "disaster," is the Arabic word that Palestinians use to describe their defeat and exodus in the 1948 Arab-Israeli war that followed Israel's declaration of independence.

The loss of their land when the fledgling Jewish state repulsed an invasion by Arab armies is the formative historical moment for Palestinians, and their justification for their demand for a state of their own.

At a conference here organized by the Palestinian Authority's ministry of culture, politicians, intellectuals, educators and community leaders gathered to plan

a year of activities memorializing their loss. The meeting Thursday was a brainstorming session on how Palestinians can preserve their past and narrate their own history after decades in which it was told by others.

Yasser Arafat, the Palestinian leader, set the tone in opening remarks when he cited an old slogan of the Zionist movement: "A land without a people for a people without a land."

Despite all the attempts to erase the Palestinian presence, Mr. Arafat asserted, "our existence on Palestinian soil is unshakable."

The activities planned amount to a year-long exercise in formulating and documenting a collective history. They include establishing a commemorative museum, collecting narratives from Palestinians who experienced the events of 1948, exhibiting photographs from that period and conducting field studies of Palestinian villages that were destroyed in the conflict.

The aim is "to protect the national memory for the next generations from obliteration and distortion," according to a statement. But the commemoration also has clear political overtones, asserting Palestinian roots in a land that includes Israel, the West Bank and Gaza Strip.

"This is not a program of mourning," said Ali Khalili, the director general of the ministry of culture, "but an affirmation of the Palestinian people's right of return, the rights of the refugees and the right to establish an independent Palestinian state in the West Bank, Gaza Strip and Jerusalem, within the framework of the recent peace accords."

"This is not a response to the Israeli celebration," Mr. Khalili added. "We have the right to commemorate our people's disaster. This is history. Israel can do what it wishes."

Participants in the conference included a delegation of Israeli Arabs, who are caught this year between the jubilee celebrations of their country of citizenship, and the somber commemoration of their Palestinian brothers.

"I didn't celebrate yesterday," said Ahmad Tibi, a member of the Israeli Arab delegation, referring to Wednesday. "I'm here to mark a historical loss and an injustice we suffered as a family and as a people."

"But I'm looking to the future in the hope that this injustice will stop and a Palestinian state will be established next to the State of Israel, despite the injustice caused by its creation."



Ground crew preparing on Friday a British Tornado fighter for action before a bombed-out shelter in Kuwait.

FORCE: Airpower Alone Is Not Expected to Undermine Saddam

Continued from Page 1

not accomplish all U.S. goals, it is always possible that it could prod Mr. Saddam toward greater cooperation with United Nations demands for openness about his weapons programs.

Nothing is guaranteed, Mr. Saddam's true level of support among the Iraqi people is hard to gauge. Traditionally, however, terror bombing — for instance, like that done by both sides in World War II — has only strengthened the resolve and resistance of its victims, surveys have shown.

Air campaigns are not risk-free, either. Since the Gulf War, Iraq has smuggled in and salvaged enough equipment to reassemble a jury-rigged air-defense radar system. It also has a large number of ground-to-air missiles and thousands of pieces of anti-aircraft artillery left over from the war.

U.S. military officials are confident, however, that the Iraqi defenses can be destroyed without great difficulty and that losses will be low. They stand ready to unleash the same sort of punishing assault that destroyed Iraq's electrical grid, communications and military infrastructure in the opening nights of the Gulf War.

These military officials say they understand that opposition from Russia, France, China and Arab nations may persuade President Clinton to limit targets to known and suspected sites of biological or chemical weapons. That may make political sense, they say, as well as minimize the likelihood of civilian casualties.

But some military officials say a limited campaign leaves the military with a mission of marginal value, given the effort involved.

Military officials fear that U.S. air crews would then be risking, and possibly losing, their lives for a campaign that would at most be a temporary annoyance to the Iraqi leader.

They say Mr. Saddam is likely to emerge defiant, declaring anew his refusal to submit to UN inspections. That will allow him new opportunities to divide the West from his reluctant Arab allies and bully his neighbors.

There is widespread feeling among the military that if Iraq is to be bombed, all military targets of value — like the Republican Guard and communications, command-and-control installation — should come under attack.

Even destroying Mr. Saddam's weapons of mass destruction is no simple matter. Intelligence on the location of his biological and chemical weapons activities is sketchy at best. The Iraqis have already had weeks to hide any equipment, computers and other records needed for what U.S. intelligence officials believe is an ongoing, covert effort.

The list of other weapons installations and military targets to Iraq has been developed and constantly updated over the last months from intelligence provided by satellites, reconnaissance flights, electronic intercepts and human sources. It contains the precise nature of those sites, their location, size and defenses, and other information to help planners figure out the most effective and least risky way to hit them without causing civilian casualties.

The buildup of forces facing Iraq continues, and there is already enough firepower to wreak substantial havoc. There are three U.S. and British aircraft carrier

battle groups in the Gulf, with another British one on the way in addition to a squadron of Tornado bombers. Navy warships are armed with hundreds of Tomahawk cruise missiles.

The most advanced U.S. Air Force bombers and weaponry are ashore in Kuwait, Saudi Arabia and Bahrain. B-52 bombers are on the island of Diego Garcia in the Indian Ocean and stealth B-2 bombers stationed in the United States are capable of round-trip bombing runs to Iraq.

Saudi Arabia has already said that it will not allow allied forces to stage attacks from its soil, as it did during the Gulf War. The Saudis will allow the United States to fly AWACS early-warning aircraft and airborne fuel tankers to refuel aircraft without returning to base. But military officials said there was enough power in place to nearly replicate the opening phase of the 1991 air cam-

paign. In such an attack, all important targets would be hit nearly simultaneously. The night attack would include Tomahawk missiles, and precision munitions from carrier and land-based aircraft.

It would include B-1 bombers with heavy bomb loads and B-52s with missiles that can be launched from well outside the target area.

Stealth bombers would go after air defenses and highly valued targets.

The Iraqi Air Force, which consists of about 300 combat aircraft, would be another focal point.

Chances of hitting the vast array of possible targets have improved since the Gulf War. Precision-guided and laser-designated smart munitions, first seen in that war, have greatly improved in accuracy and dependability. Many of the improved systems allow the pilots to stand off from their targets at high altitudes without a loss of accuracy.

Allies Promising to Support a U.S. Strike

Compiled by Our Staff From Various Sources

These countries have promised support for any U.S.-led military strike on Iraq, according to them or according to Washington:

ARGENTINA: Buenos Aires says its position is the same as in 1991, when it sent two ships to the Gulf.

AUSTRALIA: Canberra has pledged a detachment of Special Air Service troops for search and rescue, two Boeing 707 aircraft to refuel U.S. planes and intelligence and medical specialists. Up to 250 Australian troops to take part.

BRITAIN: London has sent the aircraft carrier *Invincible* to the Gulf along with about 2,500 air force and navy personnel, and is to send eight Tornado ground-attack planes to Kuwait. A second carrier, the *Illustrious*, will also head to the Gulf.

CANADA: Ottawa will send the frigate *Toronto* to the Gulf along with two C-130 Hercules transport planes.

CZECH REPUBLIC: Prague supports military strike as last resort and will offer logistical and land-mine experts.

GERMANY: Bonn will allow U.S. forces to use German air bases to support any attack against Iraq. Bases are a critical link in the supply and logistics network.

HUNGARY: Budapest supports a military attack and is ready to participate, either by allowing the use of its airspace and airfields or by sending a medical team to the Gulf as it did during the Gulf War in 1991.

KUWAIT: The emirate has made no public statement in support of a U.S. attack, but has allowed the United States to use its bases to build up its forces. U.S. officials say Kuwait will allow its bases to be used for operations against Iraq.

OMAN: U.S. officials say Oman has agreed to allow five KC-10 tankers to be deployed on its territory. They would refuel B-52 bombers flying out of the Indian Ocean island of Diego Garcia.

PORTUGAL: Lisbon has authorized the United States to use its Lajes air force base in the Azores.

POLAND: Warsaw has offered to send chemical warfare troops to the Gulf.

SPAIN: The Spanish daily newspaper *El Pais* reported that the government had decided to authorize the use of the Moron air base in southern Spain to provide logistical support for the U.S. airborne refueling fleet. Madrid says its offer of support does not extend to allowing U.S. warplanes to use Spanish bases.

(AP, Reuters)

If It Isn't Prepared, Israel Wants Delay Of Strike on Iraq

JERUSALEM — Israel will ask the United States to delay an attack on Iraq if its own preparations for any retaliatory Iraqi strike are incomplete, Defense Minister Yitzhak Mordechai said Friday.

"There is no reason why we shouldn't be prepared," he told the Yedioth Ahronoth newspaper. "In any case, if we are not ready we will ask the Americans to delay the attack."

He added, "There is no certainty that they will do what we ask, but it is certain that they will take our readiness into account."

Mr. Mordechai's office confirmed the statements.

It later said that Mr. Mordechai met Friday with the U.S. ambassador, Edward Walker, and that both agreed Israel would have ample time to prepare for any Iraqi attack.

Iraq fired 39 Scud missiles at Israel during the 1991 Gulf War. Israel has not threatened Israel in the latest crisis but jittery Israelis have packed gas mask distribution centers.

High-Tech Imaging Reveals Ancient Ruins in Cambodia

By John Noble Wilford
New York Times Service

NEW YORK — With detailed radar maps as their guide, archaeologists have explored the jungle beyond the ancient ruins of Angkor in Cambodia and uncovered remnants of previously unknown temples and new evidence of an earlier culture that occupied the famous site.

Archaeologists said the discoveries

could change thinking about the history of the city, founded in the ninth century as the capital of the Khmer empire. In Angkor's heyday, its 1,000 temples covered 100 square miles (260 square kilometers). The best-known temple, Angkor Wat, has been described as the largest religious monument ever built.

The survey is the most recent and one of the most successful applications of radar technology in archaeological exploration. Radar mapping by aircraft or spacecraft has previously penetrated desert sands to chart the course of the Nile River in antiquity, pinpoint a buried "lost city" in Oman and discover ruins along the legendary Silk Road in China.

Elizabeth Moore, a University of London archaeologist, announced the new Angkor findings Thursday at a news conference at the Jet Propulsion Laboratory in Pasadena, California.

The laboratory, part of the National Aeronautics and Space Administration, developed and flew the airborne radar system used in surveying the ruins in the dense forest of northern Cambodia. The survey was conducted in December 1996, following up on a preliminary radar study of Angkor made with data collected by a space shuttle in 1994.

By transmitting pulses of microwave energy to the ground and receiving signals that are reflected back, the radar produces images of the shape and nature of the surface. The system has been refined to penetrate the foliage of dense forests to reveal the underlying topography, including low mounds that are not readily identifiable on the ground. "The radar data have enabled us to detect a distribution of circular 'prehistoric' mounds and undocumented temples far to the northwest of Angkor," Mrs. Moore said. "The site's topography is highlighted by the radar, focusing our attention on previously neglected features."

INDONESIA: 4 Towns Hit by Riots

Continued from Page 1

five-year term.

He is almost certain to win because the ballots will be cast by a 1,000-member assembly mainly appointed by him. But there have been increasing calls for him to step down.

April is expected to be a key month in determining how much economic distress Indonesians are willing to stand. That month, the government is to lift subsidies on fuel, one of the steps required by the International Monetary Fund.

More rumors of fuel-price increases already have set off rioting.

There have also been a spate of bomb threats in recent weeks, but no suspects have been named.

After a bomb exploded in an apartment in Jakarta slum last month, the prominent ethnic Chinese leader of one of the country's largest conglomerates was called in for questioning.

That action sparked fears that the security forces themselves would use the ethnic Chinese as a scapegoat for the government's economic troubles.

Al Fayed Detective's Lead on Missing Fiat Is False, Paris Police Say

PARIS — The police denied on Friday that a white Fiat Uno identified by a private investigator was linked to the crash that killed Diana, Princess of Wales, and her boyfriend, Dodi al Fayed.

A private investigator for the al Fayed family made the claim earlier Friday that the Fiat had been owned by a photographer who was tracking Diana and had the same collision damage as the Fiat that was being sought.

But the car did not correspond to the exact model and color of the one authorities were looking for, said a police source on condition of anonymity.

The car was "formally excluded from the case," the source said.

The police have long been seeking a white Fiat Uno believed to have collided with the black Mercedes carrying Diana and Mr. al Fayed that crashed in the Pont de l'Alma tunnel in Paris on Aug. 31.

The Fiat identified by the private investigator belonged to a press photographer who was "very interested in the Princess of Wales," the investigator, Pierre Ottavio, told The Associated Press.

The car, found in a Paris garage, was damaged "on the left-rear fender" and was repainted, Mr. Ottavio said.

Georges Klein, a lawyer for Mr. al Fayed's father, Mohamed al Fayed, also said Friday that the car belonged to a journalist. But he cautioned, "It's much too early to ask questions since we don't have the answers."

One police source asking not to be identified said authorities who had been examining thousands of Fiat Unos rechecked the car Thursday in a garage near Tours, about 200 kilometers (120 miles) southwest of Paris.

The car was of "no interest to the investigation," he said.

Investigators have focused in part on what role, if any, photographers pursuing the Mercedes may have had in the crash.

But the inquiry is also considering the high speed at which the Mercedes was traveling and the drunken state of the driver, Henri Paul, who was also killed in the crash. Investigators believe the car may have glanced off a Fiat before crashing.

The car was the same one the al Fayed family has asked officials to re-examine, a judicial source said on condition of anonymity.

A judicial source said the photographer who owns the Fiat examined Thursday by the police had previously been accused of invasion of privacy by Mohamed al Fayed. The photographer remained unidentified.

IRAQ: U.S. Rebuffs Russia

Continued from Page 1

Annan told reporters who asked about prospects for a Baghdad mission: "I haven't fixed a date yet, but I'm still preparing things. As I've said time and time again, it's not excluded that I do take a trip to Baghdad."

Foreign Minister Yevgeni Primakov of Russia said it was "now crucial that UN Secretary-General Kofi Annan visit the region" to boost the diplomatic efforts.

Mr. Annan's spokesman, Fred Eckhardt, said Thursday Mr. Annan would go to Baghdad only if there was agreement among the five permanent Security Council members — Russia, the United States, Britain, France and China — on the message he would deliver to the Iraqis.

Mr. Primakov, who met Friday with U.S. Secretary of Defense William Cohen, said Russia's efforts should not be seen as opposing the United States.

"We don't want to rally anybody against the United States," he said. "The position of Russia is absolutely clear — to find diplomatic solutions in solving the Iraq crisis."

The buildup of American forces in the Gulf continued, although the planned departure Friday morning of six F-117A stealth fighters from Holloman Air Force Base, New Mexico, to Kuwait was delayed. The public affairs office at Holloman attributed the delay to bad weather along the planes' flight route. It said they probably would leave Saturday.

Still preparing to go are 22 extra support aircraft, including an RC-135 electronic surveillance plane, two AWACS command and control planes, a Joint Stars ground-surveillance plane and several types of helicopters, tankers and other specialized support aircraft, according to the Pentagon.

In the face of a diplomatic impasse over Iraq's refusal to allow unfettered UN inspections in search of chemical and biological weapons stocks, Congress put off for at least a week action on a resolution backing the potential use of force against Iraq.

Conceding he lacked the votes for quick approval, the Senate majority leader, Trent Lott, Republican of Mississippi, said that if he had sought unanimous agreement to take up the measure Thursday, "We wouldn't get it."

The House of Representatives also went home for a weeklong President's Day recess without considering a resolution on Iraq. The House speaker, Representative Newt Gingrich, Republican of Georgia, said in a floor speech, "This Congress is very committed to supporting the president of the United States."

Some lawmakers of both parties are hesitant to sign on to the use of force because they fear the conflict could spin out of control, because some are hearing from constituents who oppose military action or because they question whether the strikes will cause Iraq to yield.

Secretary of State Madeleine Albright, Defense Secretary William Cohen and the national security adviser, Sandy Berger, will visit an undetermined American city next Wednesday to present the U.S. position on Iraq, the State Department announced Friday.

The department spokesman, James Rubin, said the aim of the trip would be "to talk to the American people about the stakes in the Iraqi crisis and what would be the potential need to use military force if diplomacy fails."

(Reuters, AP, AFP)

Jordanians Demonstrate

Riot police broke up a demonstration in Amman, Jordan, on Friday of hundreds of people who defied a ban to shout support for Iraq. The Associated Press reported.

More than 80 people were arrested, including a number of women and a reporter for the news agency Agence France-Presse. Some cameramen had videotapes or film confiscated by police.

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Confronting Iraq

Kremlin Opposition

Management of relations with Russia, once one of Bill Clinton's foreign policy achievements, has taken a skid lately, with damaging implications for American interests. The most contentious issue for the moment is Iraq. Boris Yeltsin has warned ominously about the consequences of an American military strike against Iraq, and on Thursday his defense minister, Igor Sergeev, told Defense Secretary William Cohen that Russia was "deeply concerned" about American plans.

Kremlin opposition to military action is not likely to escalate beyond symbolic sanctions, like curtailing military cooperation on other matters. But the tensions are a striking contrast to Moscow's tacit support for the American-led coalition during the Gulf War.

That Mr. Yeltsin, befriended and supported by Mr. Clinton, would prove less cooperative about opposing Iraq than Mikhail Gorbachev was is a troubling sign. Mr. Gorbachev's Soviet Union had far more to lose in rupturing its long-standing ties with Iraq than Mr. Yeltsin's Russia would today in distancing itself from Saddam Hussein.

Some of the Russian resistance is self-serving. Moscow would like to regain its lost stature as a diplomatic power in the Middle East.

With \$7 billion in unpaid bills from the sale of military equipment to Baghdad in the 1980s, the Kremlin wants to lift the international ban on Iraqi oil sales and resume trade with Baghdad. It may even have sold Iraq fermentation equipment in 1995 that can be used to manufacture biological weapons.

But the differences over Iraq reflect a broader deterioration in relations. NATO's eastward expansion angers many Russians, and talk of planting the NATO flag still closer to Russia in the future is even more alarming. The expectation that America and Russia would form a new partnership has given way in Russia to a common belief that Washington often acts arrogantly and at Russia's expense.

These may seem problems more of atmospherics than of substance. But Russia's increasing reliance on nuclear weapons to defend itself is a dangerous development. Moreover, differences over Iraq make it harder for Washington to take necessary military action if Baghdad does not permit unrestricted access by UN weapons inspectors.

All of this is complicated by a sense that Mr. Yeltsin, after his heart problems and surgery, acts erratically at times. Washington should not sacrifice its own interests to accommodate Moscow. But it must be mindful of how its policies affect Russia.

—THE NEW YORK TIMES.

Clinton's Case

Saddam Hussein takes the reasonable-sounding view that the matter of weapons inspections in Iraq can be negotiated. Hence his offer of terms on which certain inspections could proceed and his implicit hint that the offer might yet be improved. But his view, though it sounds reasonable, is the soul of evasion. UN inspectors undertake to shut down Saddam's arsenal and capability of using weapons of mass destruction do not pose an issue calling for mutual compromise. Compromise could leave in his hands a frightening threat, the worse for being legitimated.

The issue is one of full Iraqi compliance with the disarmament resolutions of a United Security Council. Open up for inspections or face the consequences. This is the message the United States and its allies are trying, and need to keep trying, to convey to Baghdad. Any wobble that allows Saddam Hussein to suspect Americans are tiring of demanding full and prompt compliance would invite his contempt.

This is not the only obstacle to resolution of the Iraq crisis. There is a painful lack of precision about the nature of the threat that the inspections and, if it comes to that, any military attacks are expected to detect and destroy. This encourages the countries favoring an exclusively diplomatic policy, such as Russia and France, to undercut the American readiness to back up diplomacy with a warning of force. The

implication practically invites the Iraqis to declare, as they repeatedly do, that they have nothing to hide.

The law state of intelligence about Iraqi holdings is also bound to complicate any specific appeal President Bill Clinton makes to Congress for support for military operations against Iraq. He will have a hard time demonstrating convincingly that the danger for which he is asking American pilots and soldiers to risk their lives — and this is the high standard he must meet — is real.

There is an answer to this conundrum, and Mr. Clinton must be prepared to present it again and again. It starts with a reading of Saddam Hussein's record as an aggressor against neighboring Kuwait, a proven user of weapons of mass destruction, and an unchecked wielder of his country's still-substantial power. It goes on to a review far bolder than anything attempted so far of the intelligence indicating in particular a biological and chemical threat. It addresses honestly the considerable risks, including casualties, inconclusive military results, Iraqi retaliation and negative Arab reaction.

Finally, Mr. Clinton must define the stakes accurately. They go far beyond confronting an especially ugly menace in one important region. They involve supporting the integrity of the international rules and institutions by which law-respecting nations can care for themselves in a transformed but unforgiving world.

—THE WASHINGTON POST.

Babbitt Investigation

Any cabinet member facing an independent counsel is bound to be worried, but U.S. Interior Secretary Bruce Babbitt has extra reason to fret. That is because Attorney General Janet Reno's request for appointment of a counsel reads, at first glance, like an invitation to hang Mr. Babbitt out to dry as a way to prevent a searching investigation of White House and Democratic National Committee fund-raising.

The outline for a broader investigation can be found in the Republican report from last fall's Senate campaign finance hearings.

That report alleges that a lobbyist for the anti-casino tribes contacted President Bill Clinton, his aide Bruce Lindsey and Mr. Fowler to alert them that Interior was about to side with tribes that had given to the Republicans. In notes from a meeting with Mr. Fowler and DNC officials, another lobbyist writes cryptically of contributions totaling \$300,000. Around that time, Mr. Fowler called both the Interior Department and Mr. Ickes on behalf of the donor tribes. There is also a series of calls from Mr. Ickes's staff in Interior, asking about the status of the casino ruling.

In remarks to a friend, Mr. Babbitt first said that Mr. Ickes wanted the decision made in favor of the Democratic donors. Later he testified under oath that his remark had been a "mistake" designed to get a pesky lobbyist out of his office. It is worth finding out which time Mr. Babbitt was telling the truth. But the greater question is whether the White House and the DNC were selling policy decisions during the 1996 campaign.

—THE NEW YORK TIMES.

East Asia Would Do Well to Help America in Gulf

By Gerald Segal

TOKYO — As the United States and its closest allies close ranks on the verge of another major crisis in the Gulf, East Asian countries are standing aside. But unlike their stance during the Gulf War in 1991, many East Asians this time are not so much sitting on the fence as sitting on the opposite side of the fence from the United States and its Western partners.

At least in 1991 a number of Asian states, including Japan, provided financial support for the allied operation in the Gulf. This time, Australia is the only country in the region to offer a military contribution, though Japan on Friday backed the United States in its standoff with Iraq. The other East Asian nations closest to the United States — South Korea and Singapore — are perched on the fence, offering only guarded sympathy.

There are various explanations for the tendency of East Asians to be unsupportive or downright hostile to Western objectives. The starting point is a long-standing reluctance to join collective security operations of any sort and to see defense in narrow nationalistic terms.

Perhaps the most understandable explanation is that East Asia's economic crisis looms large and makes govern-

ments in the region less concerned about becoming net contributors to the maintenance of international order. Some, such as South Korea, might argue that they are now too poor to afford involvement in distant military engagements.

Of course, many East Asians in Malaysia and elsewhere will take this opportunity to express their pent-up resentment of what they see as Western bullying during the worst of the recent economic crisis.

The clear opposition of China, the region's military power, to action in the Gulf also certainly encourages East Asians to duck for cover.

Some in East Asia will take comfort in the relatively lower level of support the United States has found in Europe, even though all the major European players, except France, have expressed varying degrees of backing for the U.S.-led military buildup.

After the successful expulsion of Iraq from Kuwait in 1991, many East Asian officials quietly acknowledged that they had been wrong to sit on the fence. They risk making a similar mistake this

time, whether the U.S.-British strikes are successful or not. East Asia is a region that depends, however tacitly, on an American commitment to regional order. Whether the challenge is deterring China from attacking Taiwan, keeping North Korea from obtaining nuclear weapons or attacking South Korea, or preventing serious conflict in the South China Sea, it is the United States that provides stability and order.

The firmness of the U.S. response in the Gulf reflects a similar interest in defending international order and the authority of UN resolutions, and in minimizing the risk that weapons of mass destruction will spread.

If the United States feels that it must do all this on its own with minimal support from allies and friends, it will soon tire of the task. U.S. isolationist tendencies will strengthen.

A United States that moves toward isolation must be a worry for many East Asian countries that not only rely on America for order in their own region but expect Washington to organize the rescue of East Asian economies.

East Asia's myopia on this link between economics and security is part of the region's well-known tendency to pretend to see little need for a balance of

power and to rely heavily on economic growth to maintain stability. Yet repeating this mantra now seems unhelpful as economic woes in the region lead to social unrest and political change.

East Asians should reflect on how matters will appear afterward. If Saddam Hussein capitulates and allows UN weapons inspectors back into Iraq, the United States will note, as it did in 1991, that its allies were all in Europe and in the Anglo-Saxon world.

Americans (and Europeans) will also remember that East Asia's economic crisis in 1997-1998 showed that they rely far less than they thought on economic ties with Asia and that trans-Atlantic relations are of primary importance.

If the military engagement fails, and those states with nuclear, chemical and biological weapons are free to build their arsenals, the United States will consider even more carefully who its real friends are.

Either way, the winners will not be East Asians.

The writer is director of studies at the International Institute for Strategic Studies, in London. He contributed this column to the Herald Tribune.

Slow, Grinding Progress in Bosnia, but It's a Beginning

By Jim Hoagland

BANJA LUKA, Bosnia-Herzegovina

— This is a humbling place, a small town where Serbian men and women scramble to survive in the ashes of their homelands, to save a nation that not long ago was bent on conquering all before it. It is a locale that deflates the grand egos and theories of international politics, rendering them into human dimensions.

The mission of rescuing the Serbs from themselves, and from their wild dreams, now belongs to a determined 67-year-old biology professor who once propagated racist theories of Serb superiority.

She now shares this mission with a 38-year-old former furniture factory owner whose soft manner and moderate politics would seem to disqualify him for office in the murderous landscape of ex-Yugoslavia.

The biology professor is Biljana Plavcic, the president of the impoverished and militarily defeated Serb Republic of Bosnia. Her recently elected prime minister is Milorad Dodik. Their presence in "power" here in Banja Luka represents progress, however fragile, in America's attempt to bring peace and to extricate itself from the Balkan killing fields.

Unlike Radovan Karadzic and the Serbian war profiteers who cluster around him in the rival power center of Pale, Mrs. Plavcic and Mr. Dodik support the Dayton peace accord and its provisions for establishing a unitary Bosnian state for Serbs, Muslims and Croats.

The vulnerable perch on which they balance is not where the flinty Mrs. Plavcic or the more agreeable Mr. Dodik expected to wind up.

This odd couple survives only because NATO troops protect them from the militiamen of Karadzic & Co. Their chances of reducing the 70 percent unemployment rate of the Serb Republic depend on Western aid, which has been withheld because of the Serbs' volatile internal politics and record of sabotaging Dayton.

This vulnerability made the encounter here on Feb. 7 with Senator John McCain, Republican of Arizona, and 10 other visiting members of Congress simultaneously crucial and unwelcome for these Serbian officials, who fight a civil war within a civil war.

They knew that for the Americans the meeting would center on one question, which Mr. McCain quickly put to Mrs. Plavcic: How long will it take for peace to take root firmly enough to let American and European troops leave?

Mrs. Plavcic reacted as if a judge had asked her to sign her own death warrant. She ducked, dodged and talked on. Mr. McCain gently came back to the question he had crossed the Atlantic to pose: How long? If we in Congress approve a new U.S. presence after the June expiration of the current peacekeeping force, how much longer do our GIs have to stay?

Two years, she finally said — if things go right. The demoralizing downward spiral of the Serb Republic's standard of living has to stop. The Serbs have to be allowed to keep control of

the town of Brcko, which links the eastern and western sections of the Serb Republic and which is now in arbitration.

Even on their knees, the Serbs would not accept losing control of Brcko to the central government. She and Mr. Dodik would be swept away. Mrs. Plavcic is hoping the Serbs lose Brcko because it would put him back in charge, Mrs. Plavcic asserted.

Aid, and Brcko, would give her party triumph in the national elections set for September. Mr. Dodik was more general: The September elections need to produce a parallel generational change among the Muslims and Croats to younger leaders who, like Mr. Dodik, did not start or prosecute the four-year bloodbath that Dayton halted.

Senator Joseph Lieberman, Democrat of Connecticut, wanted to know if Mrs. Plavcic and Mr. Dodik would support the arrest of Mr. Karadzic and other indicted war criminals for trial in The Hague. You are welcome to them, the Banja Luka Serb officials said in so many words.

The Senate delegation was studded with skeptics about U.S. involvement in Bosnia, led by Mr. McCain and Kay Bailey Hutchison, Republican of Texas. But the skeptics and the others listened sympathetically to the Serbian appeals. Questions from Mr. McCain and Mrs. Hutchison indicated they were looking for ways to live with the extension of the U.S. presence the Clinton administration will soon seek.

The meeting itself was a valuable product of the cease-fire achieved by Dayton: Years of rhetoric and anguish about European security architecture, ethnic cleansing and American leadership in the world have come down to out-and-bolts discussions of politics with desperate people in shabby meeting rooms in Sarajevo, Mostar and Banja Luka.

Recovery and reconciliation in Bosnia still seem hard, if not impossible. But they are no longer clearly impossible. In Bosnia, moving from impossible to hard is major progress, brought about in part by an American presence that has done much, and still has much to do.

The Washington Post.

Philippine Ballot: 83 Candidates and Little Inspiration

By Philip Bowring

MANILA — The Philippines has been on the fringe of the storms battering Asia, so the overriding domestic issue of choosing a successor to President Ferdinand Ramos has received scant foreign attention.

It is indeed a minor matter compared with the succession to Indonesia's President Suharto, just as the Philippines' fairly decent but small economy compares with those of Indonesia, Thailand and Korea.

Stocks and currency have tumbled, but not as badly as elsewhere. Economic growth, hit by El Niño drought as well as by the regional crisis, will likely fall to below 3 percent this year.

Political transitions are never easy, particularly at a time of rising inflation and unemployment. Nonetheless, the Philippines is used to bigger crises, and it became creditworthy too late to borrow too much. It is set to remain stable in the medium term, but big questions remain about the momentum of reform.

Wild rumors notwithstanding, presidential and congressional elections are likely to take place, noisily but mostly peacefully, in May.

The single ballot and 83 (yes,

83) candidates make surprise possible, but current polls indicate a few front-runners: Vice President and former movie star Joseph "Erap" Estrada; the House speaker and current administration candidate José de Venecia; Manila Mayor Alfredo Lim, and the retired general Renato de Villa, who recently stepped down as defense secretary.

The closest in ideas and style to Mr. Ramos is Mr. de Villa. Seen as clean and competent, he is now the least likely to win. He failed to get his old colleague's

backing because of his low public profile and because he avoided politicking.

A businessman/politician, Mr. de Venecia is a master of politicking. His skills were essential in getting Ramos reform legislation through a fractious congress.

Former President Corazon Aquino and the Catholic leader Cardinal Jaime Sin have reacted to Mr. de Venecia's alleged money politics and Mr. Estrada's colorful private life by backing the Lim candidacy. The platform of this retired police general, who delights in his "Party Harry" nickname, is crime fighting and moral rectitude.

Human rights advocates, however, have been highly critical of his methods. As a result some Aquino faithful have deserted to Mr. Estrada, the candidate furthest from the elite. But he could be undone by concerns about his character and competence.

There is widespread feeling, especially among business people and the intelligentsia, that this is an uninspiring choice and that none of the candidates may have the ideas and drive to propel further reform — for example of a judiciary widely viewed as corrupt and politicized.

In a situation where the bureaucracy is weak and executive power is hedged by congress and the courts, it is all too easy for a president who lacks vision

— or who owes too many favors — to be trapped into inaction by the need to balance the demands of competing groups.

Mr. Ramos has achieved a great deal, but the Philippines still lags behind many countries in the region in standards of administration. Much of its weakness is traceable to the dominance of personal over institutional power.

Likewise with the economy: Mr. Ramos's liberalization has brought competition and undermined some of the old oligarchies. But the metropolitan elite has invested heavily in its own lifestyle — as evidenced by condominiums, office towers and golf clubs — while little has gone into manufacturing.

Export success has been largely due to foreign investment in electronics. Tax evasion remains the norm among business and upper-income groups, so there is scant money available for rural infrastructure.

The political system is less dominated by feudal and client relationships than in the past. But there is a way to go before the universal franchise translates into a system that puts majority before elite interests, and public before private.

The election will be worth watching not just for the result but for progress toward real debate about politics.

International Herald Tribune.

How the 'Street People' Got There

By William Pfaff

PARIS — Among the bad ideas Britain has picked up from the United States in recent years is the idea of "community care" for the mentally ill.

It is not an ignoble idea, in principle, but in practice it has proved a disaster in both the United States and Britain. Unlike the United States, however, Britain has faced the facts and is going to abandon the policy.

In mid-January the Labour government of Prime Minister Tony Blair decided to reverse its program of closing mental institutions and releasing patients into the community, first adopted in the 1960s and accelerated in the 1980s, mainly under American influence.

The policy originally was a reaction against the acknowledged horrors of many underfunded and neglected state hospitals for the mentally ill — often better described as "madhouses."

In the 1950s and 1960s there was a justified reaction against the abuses found in many such institutions, but there was also a romantic redefinition of madness itself. The mentally ill — schizophrenics particularly — were redefined by some innovative psychiatrists as possessors of alternative but valid visions of reality.

It became politically correct to say that the ill were no more "mad" than the rest of society. Others argued that the mentally ill were actually imprisoned and insisted that they be freed from hospitals so they could regain their lost civil liberties.

Still other people supported community care for reasons of economic rather than political ideology, saying that mental in-

stitutions should be closed because they were part of a welfare state structure that deserved destruction in the cause of economic liberty. They argued that the market, or private philanthropy, would find more efficient and humane ways to care for the mentally ill.

The reality was that most patients were released into poor communities, already lacking social structures and services, that had no place for them. They tended to end up on the streets, contributing to the new phenomenon of the 1970s and after, mass modern homelessness.

They now buddle in the doorways and on the subway grates of our cities. Too many harm others or kill themselves.

As David Downes of the London School of Economics has written of the situation in Britain, when you release the mentally ill into communities already afflicted by poverty and unemployment (and do nothing to care for them), you create "an almost perfect recipe for the destruction of the community."

When you say to many young Americans that the "street people" they see around them are a product of the prosperous America of the 1970s and 1980s, you often are not believed. The homeless have become part of the American urban scene, as if they had always been there.

In continental Europe, where unemployment has been rising, homelessness has also become a serious problem, but it is qualitatively different from homelessness in the United States. The European homeless are like

those of America during the Great Depression. They merely are poor.

The peculiar and frightening thing about the American and British homeless who are the victims of community care is that they are not only mentally ill but often dangerous to themselves and to others.

The Blair government's decision is in part a reaction to repeated cases of murder or near-lethal violence committed by disturbed persons released from institutional care.

The treatment of the mentally ill is a grave problem in any society, and criticism of the follies of community care cannot ignore how awful the "madhouses" of the past could be. But the vision of "caring" communities, looking after the ill in their own homes, helped by modern medication, is an attractive but wholly utopian illusion.

The failure of community care has victimized the mentally ill and their families (when they have families), but it has also made a decisive contribution to the appalling social spectacle presented in some of the great cities of the richest countries in the world — American cities above all.

That Connecticut and Massachusetts avenues in Washington should be populated by wretched and homeless people, many of them ill, surviving in cardboard boxes, begging for as so much human waste, is a political as well as a social and moral outrage. But Washington has more important things to think about.

International Herald Tribune.
Los Angeles Times Syndicate.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Zulu Rebellion

LONDON — Mpseni, chief of the Angoni Zulus in Nyasaland, has risen in revolt, and a strong British Protectorate force of 400 men has been sent from Fort Johnston to put down the rising. The North Chartered Company have received information that some of their officers have reached Blantyre in safety and that the rising is not really due to Mpseni himself, who is friendly to Europeans, but to his young warriors, and especially to his son, Tsinku.

1923: Canadian Brides

MONTREAL — Many pretty eyes are doomed to tears of disappointment should a plan to fix an age threshold for marriage be approved. The ardor of the youthful swain is imperilled. The joys of calf-love are endangered. Sackcloth and ashes await the flapper. The cause of

all this is a concerted movement to make the marriageable age for women in the Dominion twenty years. Legislation to fix this as the minimum for legal wedlock is to be pushed.

1948: U.S. Price Drop

NEW YORK — Extreme caution was still being observed on the American price decline. John W. Snyder, Secretary of the Treasury, said: "I see no reason to believe this is leading us into a depression. I am confident of that." Mark Sullivan, special writer in the Herald Tribune, compared the present situation with that of 1929 and saw many differences. He found the greatest contrast in public psychology, which in 1929 was "boom-minded," whereas "the present anti-inflation mindlessness of the public is perhaps the country's best buttress against economic disaster," he wrote.

Herald Tribune

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12 Month		Stock	Div Yld	PE	Sts		Low	High	Close
High	Low				100%	High			

The 2,600 most traded stocks of the day.
 Nationwide prices not reflecting late trades elsewhere.
 The Associated Press.

Continued on Page 12

CURRENCY

IMF Loan Package Endangered by Indonesian Currency Plan

By Michael Richardson
International Herald Tribune

SINGAPORE — Indonesia's plan to re-establish a fixed exchange rate between its currency and the U.S. dollar has set the stage for a confrontation with the International Monetary Fund that will probably lead to suspension of the country's \$40 billion emergency loan package, economists warned Friday.

The Fund — which offered the loans to Indonesia in exchange for promises of sweeping economic reforms, including maintenance of a flexible foreign exchange system — says it opposes the plan to peg the rupiah to the dollar and set up a currency board to administer the arrangement. "We have concluded that a lot of options need to be in place before a currency board would make sense," the IMF's first deputy managing director, Stanley Fischer, said Thursday in Washington. "I don't believe Indonesia is there at the moment."

[Michel Camdessus, the IMF's managing director, strongly reinforced that position Friday, Reuters reported from Washington.]

"The failure of a currency board would completely undermine credibility and policy-making, and seriously damage the country's growth prospects," Mr. Camdessus said at the annual meeting of the Bretton Woods Committee, an economists' group.

The World Bank, senior U.S. officials and many investors also say that Indonesia's financial system is not strong enough to support the plan.

But Steven Hanke, an American economics professor advising Indonesia, said Friday after meeting President Suharto that the Indonesian leader had reaffirmed his support for the proposed board and the peg to the dollar.

A currency board would effectively replace the central bank by guaranteeing to pay holders of rupiah in dollars, or another hard currency, at a fixed rate.

Such boards, which are in place in Argentina, Hong Kong and several other countries, hold on to a reserve of dollars or other currency equivalent to the national money supply. When any local currency is converted into dollars, the national money supply shrinks, forcing banks to pay higher rates of interest.

Mr. Fischer said that before adopting a currency peg, the Indonesian authorities must first rehabilitate the country's troubled banking system and figure out how to cope with the huge corporate debt as a way of creating "political and economic credibility" with the markets.

Mr. Fischer also said that another prerequisite for a currency board was adequate reserves of dollars to cover the rupiah in circulation, something critics say Jakarta lacks.

But Mr. Hanke, a professor of applied economics at Johns Hopkins University in Baltimore, argued that interest rates would in fact fall once the board was established. It would also result in more transparency in the banking system, eliminate corruption and help Indonesia achieve the reforms prescribed by the IMF, he declared.

He added that the \$40 billion IMF loan package need not be delayed by the creation of a currency board, saying the IMF accepted a similar scheme in Bulgaria.

But Paul Alapat, Southeast Asian economist in the Singapore office of Indosuez W. I. Carr Securities, a unit of the Credit Agricole Indosuez financial services group of France, said that if Indonesia defied IMF objections, the Fund would have no alternative but to

halt the loans. The credits are paid in quarterly installments after an IMF review of the Indonesia's progress on re-vamping its economy.

The next payment is due in March and will be critical in shoring up confidence in the country's economic management, as well as its currency and stock markets.

"Given the package that the IMF put in place for Indonesia and the fact that it is reviewed periodically, the stakes could be extremely high," Mr. Alapat said. "Early establishment of the currency board could jeopardize the whole bailout and restructuring program."

David Durant, a senior currency analyst for Independent Economic Analysis Holdings Ltd., said: "We think that a pure currency board is the worst policy initiative that Indonesia could take at this time. There's no question that it would put the IMF package in doubt if they actually pressed ahead with it."

Mounting criticism of Jakarta's plan

undermined the rupiah and other Asian currencies on Friday.

The rupiah lost more than 20 percent of its value in early trade. It was trading at more than 9,000 per dollar before recovering to 8,200.

Earlier in the week the dollar was worth about 7,000 rupiah. The Jakarta composite index rose to 448.16, up 5.87 points.

Analysts said that since the IMF program had failed to revive the rupiah, Mr. Suharto appeared set on adopting the currency board plan to stabilize it at a level of 5,000 to 6,000 to the dollar.

No timetable has been set by the Indonesian government for the introduction of the currency board system, and some analysts said Friday that this could allow Mr. Suharto and the IMF to agree on a face-saving compromise that would delay its introduction until further reforms have been carried out in the banking industry and other areas of the economy.

'A pure currency board is the worst policy initiative that Indonesia could take.'

Merger Plan For Giant in Accounting Is Called Off

By Tom Buerkle
International Herald Tribune

LONDON — KPMG and Ernst & Young on Friday called off their plan to merge and form the world's largest accounting firm, saying the chances of winning approval from antitrust authorities had become "less likely."

The surprise announcement marked the first significant setback against the trend of megamergers that has swept industries from banking to pharmaceuticals in recent years. It followed signs of a toughening stance by regulators, particularly the European Union's competition commissioner, Karel van Miert.

While concentration is particularly acute in accounting, where the global industry is dominated by just six big firms, Mr. van Miert last week indicated that size was becoming a more general concern. "Increasingly, the commission will have to say no to certain proposed mergers that threaten to enhance a dominant position," he told the Monetary Affairs Committee of the European Parliament.

When KPMG and Ernst & Young, currently ranked Nos. 2 and 3 among the Big Six, announced their merger plans in October, they said they needed to combine forces to provide a full range of auditing and consulting services to multinational companies around the globe. The deal would have vaulted them to the top of the industry, with 1996 revenues of \$14.4 billion a year, compared with Andersen Worldwide's \$9.5 billion.

But in a joint statement on Friday, they said "the chances of regulatory approval had become less likely." Antitrust reviews would have taken months, caused considerable costs and potential disruption to client services and could have resulted in different decisions by regulators in different countries, they said.

Sources at the commission, the executive agency of the EU, said a number of major companies had complained about the dominant position that a merged firm would enjoy. The firm would have a market share of more than 40 percent for accounting services in Europe, and more than 50 percent in the Netherlands, Austria and Sweden.

"Other big companies are saying, 'This is getting out of hand because our choice is being restricted,'" Mr. van Miert told the parliamentary committee.

The decision raised uncertainty about the separate merger proposal of Coopers & Lybrand and Price Waterhouse, the current Nos. 4 and 6. But those firms said Friday they expected regulatory approval because they were smaller. The two firms would become the global leader, with revenue of \$11.8 billion.

Revamping Lingerie Icon Strapped for Female Appeal

By Jennifer Steinhauer
New York Times Service

LOS ANGELES — To her left is Rosie O'Donnell's bra. To her right stand several reams of feathery marabou. Not far away are a pair of hot-pink thigh-high boots, along with dozens of silk teddies. Then there's Ingrid Bergman's corset.

Terry Patterson has come a long way from auto parts.

Ms. Patterson, who became chief executive of Frederick's of Hollywood in December, admits that she was reluctant to take on the embattled icon of trashy lingerie, considering her background was in the world of mufflers and spark plugs.

But in her last job, as chief executive of Strauss Discount Auto, one of her central accomplishments was to get more women into the store to buy car parts. In that regard, Frederick's, whose products have often appealed more to men than to the women who wear them, is not that different.

"When a woman goes into a service station to get her car worked on, she feels intimidated," Ms. Patterson said at the company's headquarters on Hollywood Boulevard. "She feels the same way when she buys intimate apparel. So, I was comfortable coming here because I understand the female customer and I love her."

Ms. Patterson, 44, is the first woman to lead Frederick's of Hollywood in its 50-year history. She was installed to transform the retailer from a wobbling, publicly traded family business to a privately held company with hopes of regaining strong growth after a decade of running in place. In essence, Frederick's, which let Victoria's Secret run away with much of the market it initially created, had lost touch with its customers.

"When they first approached me for the job, I laughed," Ms. Patterson said. "I said, 'What would I tell my mother?' But I started to think about what I could do with an American icon and how I could reposition it from a woman's point of view."

She found her work cut out for her. Frederick's, in spite of its famous name, has struggled in recent years. The company, which went public in 1972, was acquired by Knightsbridge Capital Corp., a Chicago-based investment firm, for \$67.4 million in September after years of uneven financial results that often featured losses. Its sales last year were \$148 million.

Its aging stores frequently lost money. Its catalog business — the source of about 40 percent of its sales



Terry Patterson, the first woman CEO at Frederick's of Hollywood.

— was always its most profitable and strongest unit, but its look had failed to keep up with the times. Its models often sported makeup and hair styles more appropriate for a walk-on role in a nostalgia movie such as "Boogie Nights" than for the sexy girl-next-door look favored by Victoria's Secret, a unit of Intimate Brands Inc., which is owned by Limited Inc.

Merchandise cried out for freshening. While she has no intention of doing away with the signature feather boas, Ms. Patterson recognized it was time to add some softer, lacy looks.

Frederick's was started in 1946 by Frederick Mellinger, who thought he could make a good living giving American women what the French industry had been offering its shoppers for decades. He was the first to bring

the peignoir, the push-up bra and the fancy girdle to the U.S. marketplace. He supplied movie studios with undergarments that made their star's costumes fit more smoothly.

Frederick's thrived in the era of Jayne Mansfield and what are now camp movie classics from Russ Meyer such as "Vixen."

The company's many years of service to celebrities is well documented in its lingerie museum in the back of the store. Visitors can gaze at Natalie Wood's bra from the film "Bob and Carol and Ted and Alice," as well as the one Tony Curtis wore in "Some Like It Hot." Madonna's clothing from her "That Girl" tour has a showcase all of its own.

While Ms. Patterson appreciates the company's lore, she insists that the merchandise, advertising and corporate image of Frederick's need to catch up with the times. These days, she said, most women pick out their own undergarments and would like to see the items depicted in ways that are attractive to them.

Frederick's three main outlets — catalogs, the Internet and retail stores — serve very different customers. Its 205 stores typically draw a 28-year-old unmarried female. The catalog attracts a customer with a relatively modest income in her early to mid-30s who is married and often has children. Its Web site appeals to young men, many of them signing on through college Internet connections.

See LINGERIE, Page 13

Kohl Asks Bundesbank To Judge Risks of Euro

Move Is Seen as Likely to Firm Up Support

By John Schmid
International Herald Tribune

FRANKFURT — Facing a renewed groundswell of opposition to a single European currency, Chancellor Helmut Kohl enlisted the nation's venerated central bank Friday to write its own assessment of the project's risks.

Although Mr. Kohl runs the risk that the fiercely independent Bundesbank could use its authority to torpedo unpopular candidates, such as Italy, for the 1999 christening of the euro, Bundesbank observers in Frankfurt contend that such an outcome is unlikely.

Instead, Mr. Kohl is likely to stabilize support for the euro if the central bank passes up its best and perhaps last chance to disrupt its introduction. Indeed, Mr. Kohl's mere announcement of the Bundesbank's engagement — which has been long expected — is meant to reassure Germans that the same team that successfully manages their powerful Deutsche mark will have a direct hand in launching their new money.

"Kohl has little to lose by asking," said Holger Schmieding, a Frankfurt-based economist at Merrill Lynch. "There is a 95 percent probability that they will not raise serious arguments against monetary union in 1999 with Italy, and in that case, Kohl can only win."

In a letter released Friday by the Chancellery in Bonn, Mr. Kohl asked the Bundesbank for a "written statement" on the state of economic convergence in the European Union, "without specifically ordering a country-by-country roster of 'ins' and 'outs.'"

Mr. Kohl also invited the Bundesbank president, Hans Tietmeyer, to attend a cabinet meeting on March 27 to debate Germany's final stance for selection of the countries that are to adopt the currency when it is introduced.

By then, both men will have all the documents they need in order to make the controversial decision. Along with the Bundesbank's report, so-called convergence reports will be available from the EU commission in Brussels and the Frankfurt-based European Monetary Institute, the forerunner to the European central bank.

The prospect of that the monetary union will include Italy, a country synonymous for some Germans with inflation and fiscal mismanagement, has ignited new grass-roots protests in Germany. German opponents of the euro pressed their case this week when 155 academics issued a petition pleading for a delay.

On the left, a finance specialist of the Social Democratic Party, Henning Voscherau, called this week, for a potentially destructive referendum on the euro. On the right, Kurt Biedenkopf, the premier of Saxony, called for an out-

right delay. Also this week, German bookstores received the latest anti-euro book — this one with the blunt title "The Euro Challenge — Why Monetary Union Is Doomed to Fail," written by four professors who filed suit last month with Germany's high court to halt the project.

A outspoken Bundesbank board member, Reinut Jochimsen, warned that the European Union threatened to make a "joke" of the application of the euro's economic convergence criteria.

Inside the Bundesbank, however, Mr. Jochimsen's views are exceptional, said Jan Hatzuis, an economist in Frankfurt at Goldman Sachs.

"The number of skeptics in the central bank council is significantly less than half," he said. "The vast majority are on board."

"It is almost impossible to imagine they will recommend against including Italy," Mr. Hatzuis said.

Alison Cottrell, senior economist at PaineWebber in London, said the Bundesbank document requested by Mr. Kohl was likely to be stern, but vague.

Mr. Tietmeyer, who is viewed as a European integrationist and believer in French-German ties, is not expected to throw up a roadblock. As a former government aide who once negotiated treaties for Mr. Kohl, Mr. Tietmeyer is seen as a man who also considers it a matter of duty to make sure treaties are carried out.

The latest wave of dissatisfaction could prove to be the last before the project is set into motion irreversibly in less than three months. In May, EU leaders meet to select the candidates. Bonn says it is too early to name the candidates but has signaled that it will not block Italy.

At least as far as its new Web site is concerned, the European Monetary Institute has not shirked from showing its optimism. The site — www.ecb.int — forgoes the institute's familiar acronym of EMI for ECB, or European Central Bank.

'Slight' Growth in 4th Quarter

The German economy expanded "slightly" in the fourth quarter of last year, the Economics Ministry said, as the flood of export orders that powered growth most of last year slowed to a trickle, Bloomberg News reported Friday from Bonn.

Although the report included no statistics, it suggested that the economy may have a hard time reaching the upper range of the government's forecast for all of 1998, which predicts growth of 2.5 percent to 3.0 percent.

Exports powered Germany's growth last year, when gross domestic product expanded 2.5 percent, and now Asia's economic problems are threatening to shut down the flow of German goods to the region.

CURRENCY & INTEREST RATES

Feb. 13

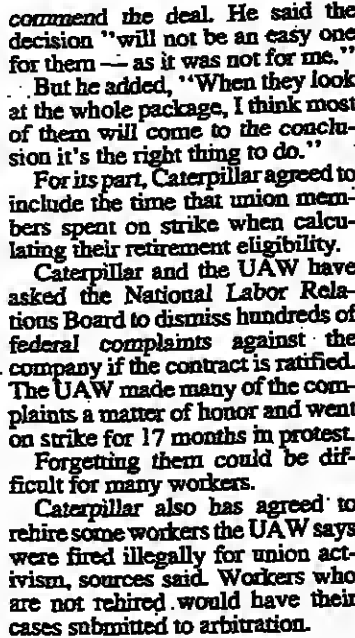
Libid-Libor Rates

Feb. 13

Cross Rates

	USD	DEM	FF	UK	DM	FF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF	YF
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U.S. Rejects OECD Draft On Investing



Ms. Barshefsky said that, from the U.S. point of view, the agreement was unbalanced and would require "very substantial work to make it something the United States will sign."

U.S. officials say major changes will have to be made in the treaty before Congress will support it. The Clinton administration objects to provisions that would restrict com-

The objections mean almost certain delay for a treaty that the head of the World Trade Organization, Renato Roggerio, called "the constitution of a single global economy."

The agreement is designed to help manage some \$8.3 trillion in foreign direct investment around the world.

commit to treating foreign investors and their investments the same as by their own citizens. Investment laws and regulations must be open, transparent and non-discriminatory.

Governments would also be prohibited from imposing performance

requirements, such as export targets for goods and services.

Trial	Control	MCI	AD
1	95	85	75
2	95	85	75
3	95	80	70
4	95	78	68
5	95	75	65

Optim	High	Low	Latest	Chge	Optim
119.683					
Industrials					

	50,000 lbs., cents per lb.			
Mar 99	64.65	65.80	64.34	-0.57
May 98	68.00	67.25	67.67	-0.56
Jul 98	69.40	68.65	69.02	-0.62
Oct 98	71.65	71.05	71.67	-0.71
Dec 98	72.75	72.40	72.41	-0.59

HEATING OIL (MMER)
42,000 gal. cents per gal

19,230	Mar 98	45.10	44.42	44.70	+0.13	38,623
10,528	Apr 98	45.75	45.10	45.60	+0.36	33,928
4,186	May 98	46.35	45.80	45.95	+0.11	16,792
	Jun 98	46.95	46.50	46.70	+0.26	16,892
	Jul 98	47.70	47.25	47.40	+0.26	12,392
	Aug 98	48.45	48.20	48.25	+0.36	8,492
	Mar 99	49.30	49.05	49.30	+0.30	

14,733
470,394
7,006
400,000

Mar 98	16.23	15.90	16.02	+0.06	69,617
Apr 98	16.53	16.16	16.25	+0.06	84,472
May 98	16.67	16.43	16.51	+0.05	36,775
Jun 98	16.94	16.73	16.77	+0.05	47,684
Jul 98	17.13	17.00	17.00	+0.05	25,212
Aug 98	17.38	17.17	17.20	-0.11	16,345

NATURAL GAS (MMER)
10,000 mm btu's, \$ per mm btu
Mar 98 2.320 2.199 2.210 -0.078 33.424

27,990	Apr 78	2,350	2,239	2,255	-0.076	26,042
1,504	May 78	2,360	2,270	2,280	-0.070	14,397
569	Jun 78	2,370	2,275	2,285	-0.075	14,713
	Jul 78	2,400	2,300	2,300	-0.071	10,959
	Aug 78	2,390	2,310	2,315	-0.061	12,954
	Est. sales	N.A.	Thru sales	26,019		

That's open at 207,244, up 2,849

UNLEADED GASOLINE (MMB)

42,000 gal. cents per gal					
Mar 98	50.15	49.10	49.56	+0.05	27,936
Apr 98	53.70	52.90	53.34	+0.12	27,288

May 98	54.10	53.45	53.71	+0.14	14,544
Jun 98	54.15	53.60	53.86	+0.14	70,390
Jul 98	54.10	52.90	53.76	+0.14	9,255
Aug 98	53.40	52.26	53.26	+0.14	4,586
Sep 98	53.50	52.60	52.66	+0.14	5,109
Oct 98	51.85	51.60	51.61	+0.01	837

GASOLIN (TPE)
U.S. dollars per metric ton - lots of 100 tons
Mar 98 140.25 138.75 140.00 -0.50 30,775

100,484	April	141.75	140.75	141.00	-0.25	11,848
3,047	May 98	143.75	142.75	143.50	-0.50	8,922
540	Jun 98	145.75	145.00	145.75	-0.50	13,553
	Jul 98	147.00	147.00	147.25	-0.25	4,434
	Aug 98	149.30	148.75	149.75	-0.75	4,557
	Est. sales:	11,500	Prev. sales:	30,571		

Prev. open int: 106.515 off 979

41.685
1.886
1.198

BRENT OIL (IP6)
U.S. dollars per barrel - lots of 1,000 barrels
Apr 98 15.01 14.80 14.85 +0.09 92.190

May 98	15.30	15.11	15.11	+0.04	22,270
Jun 98	15.57	15.38	15.40	+0.04	36,957
Jul 98	15.79	15.64	15.69	+0.11	13,654
Aug 98	15.99	15.86	15.90	+0.20	7,345
Est. sales: 32,000. Prev. sales: 65,278 Prev. open int: 210,492 of 1,0253					

Stock indexes				
SP COMP INDEX (CME)				
250 x index				
Mar 98	1028.30	1020.50	1023.70	-3.00 391.233
Jun 98	1037.30	1033.90	1033.20	-4.20 14.990

34.583	Sep 98	1043.80	1043.80	1043.80	-1.00	3.897
01.872						
94.052						
66.696						
75.882						
56.590						
FTSE 100 (LJFFE) 27% rise in-our index!						

Mar 98 5580.0 5540.0 5574.0 +25.0 61.827
Est. vol: 6,754. Prev. vol: 10,493
Prev. open int.: 61.827 up 541

21.847	Feb 98	3218.0	3174.0	3206.0	+22.0	29.337
07.715	Mar 98	3218.0	3189.0	3214.5	+22.0	24.031
75.525	Apr 98	3202.5	3202.5	3218.5	+22.0	28.488
	Jun 98	N.T.	N.T.	3179.0	+22.0	2.053
Est. sales: 11,794						
Open lot: 56,810 off 1,408						

Commodity Indexes		
	Close	Previous
Moody's	1,451.20	1,446.00

Sources: *Matfi Associated Press, London*
Int'l Financial Futures Exchange, Int'l
Petroleum Exchange.

Residential Real Estate
every Friday in The Intermarket

1

Age Group	Percentage of Respondents
18-29	65
30-49	75
50-69	85
70+	88

1. *Chlorophyll a* (Chl *a*)

• **Tarragon Oil & Gas Ltd.** agreed to buy **Unocal Corp.**'s Canadian oil and natural-gas fields for \$215 million in stock and debt. *AP, AFP, Bloomberg, NYN*

Washington told the Dispute Settlement Body it had opted for WTO arbitration after talks with Ottawa failed to produce a solution. A dispute panel will automatically be established if the request is repeated at the body's next meeting, March 13.

INTERNATIONAL FUTURES

	High	Low	Latest	Chge	Opn		High	Low	Latest	Chge	Opn
18-YEAR FRENCH GOV. BONDS (MATIP)						Industrials					
FF500,000 - pts of 100 pct						COTTON 2 (NCTW)					
Mar '96 103.86 103.68 103.74 + 0.14 119.683						50,000 lbs. - cents per lb.					
Jun '96 103.30 102.92 103.14 + 0.14 12.090						Mar '96 44.34 44.24 44.34 + 0.07 72.95					
Est. vol.: 126,552											

ITALIAN GOVERNMENT BOND (CLIFFS)									
Jul	98	118.51	118.51	118.51	+2.01	128.93			
Aug	98	117.92	117.85	117.77	+0.66	126.41			
Est. vol. 55,674, 1-year issues, 4,178									
Thurs open int. 145.145, bid 4.78									
LIBOR 1-MONTH CASH (CLIFFS)									
33 million, 1-year 91 pct.									
Feb	98	94.39	94.38	94.38	unch.	19,230			
Mar	98	94.39	94.37	94.01	+0.10	19,230			
Apr	98	94.39	94.38	94.38	unch.	19,230			
May	98	94.39	94.38	94.38	unch.	19,230			
Jun	98	94.39	94.38	94.38	unch.	19,230			
Jul	98	94.39	94.38	94.38	unch.	19,230			
Aug	98	94.39	94.38	94.38	unch.	19,230			
Est. vol. 4,885 Thru issues 14,75									
Thurs open int. 145.145, bid 4.78									
EURODOLLARS (CASH)									
57 million, 1-year 100 pct.									
Feb	98	94.38	94.37	94.37	unch.	14,733			
Mar	98	94.38	94.37	94.37	unch.	14,733			
Apr	98	94.38	94.37	94.37	unch.	14,733			
May	98	94.38	94.37	94.37	unch.	14,733			
Jun	98	94.38	94.37	94.37	unch.	14,733			
Jul	98	94.38	94.37	94.37	unch.	14,733			
Aug	98	94.38	94.37	94.37	unch.	14,733			
Est. vol. 14,733 Thru issues 14,733									
Thurs open int. 145.145, bid 4.78									
LIGHT SWEET CRACK (CLIFFS)									
Feb	98	16.21	16.21	16.21	unch.	14,733			
Mar	98	16.21	16.21	16.21	unch.	14,733			
Apr	98	16.21	16.21	16.21	unch.	14,733			
May	98	16.21	16.21	16.21	unch.	14,733			
Jun	98	16.21	16.21	16.21	unch.	14,733			
Jul	98	16.21	16.21	16.21	unch.	14,733			
Aug	98	16.21	16.21	16.21	unch.	14,733			
Est. vol. 14,733 Thru issues 14,733									
Thurs open int. 145.145, bid 4.78									

Mar 00	94.21	94.29	94.30	94.37	Est. index N.A. ticks up 12.458
Mar 01	94.27	94.35	94.35	94.36	There's no oil, it's back up \$1.01
This index 1947.974 ticks up, 25.963					
They open bid 2.620.01, up 30.147					
NATURAL GAS (DMERO)					
Mar 00	3.3200	3.1999	3.2100	-0.078	33.624
Mar 01	3.3200	3.1999	3.2100	-0.078	33.624
Apr 98	3.3200	3.1999	3.2100	-0.078	33.624
May 98	3.3200	3.1999	3.2100	-0.078	33.624
Jun 98	3.3200	3.1999	3.2100	-0.078	33.624
Jul 98	3.3200	3.1999	3.2100	-0.078	33.624
Aug 98	3.3200	3.1999	3.2100	-0.078	33.624
Sep 98	3.3200	3.1999	3.2100	-0.078	33.624
Oct 98	3.3200	3.1999	3.2100	-0.078	33.624
Nov 98	3.3200	3.1999	3.2100	-0.078	33.624
Dec 98	3.3200	3.1999	3.2100	-0.078	33.624
Jan 99	3.3200	3.1999	3.2100	-0.078	33.624
Feb 99	3.3200	3.1999	3.2100	-0.078	33.624
Mar 99	3.3200	3.1999	3.2100	-0.078	33.624
Apr 99	3.3200	3.1999	3.2100	-0.078	33.624
May 99	3.3200	3.1999	3.2100	-0.078	33.624
Jun 99	3.3200	3.1999	3.2100	-0.078	33.624
Jul 99	3.3200	3.1999	3.2100	-0.078	33.624
Aug 99	3.3200	3.1999	3.2100	-0.078	33.624
Sep 99	3.3200	3.1999	3.2100	-0.078	33.624
Oct 99	3.3200	3.1999	3.2100	-0.078	33.624
Nov 99	3.3200	3.1999	3.2100	-0.078	33.624
Dec 99	3.3200	3.1999	3.2100	-0.078	33.624
Jan 00	3.3200	3.1999	3.2100	-0.078	33.624
Feb 00	3.3200	3.1999	3.2100	-0.078	33.624
Mar 00	3.3200	3.1999	3.2100	-0.078	33.624
Mar 01	3.3200	3.1999	3.2100	-0.078	33.624
UNLEADED GASOLINE (DMER)					
Mar 00	56.10	56.10	56.10	+0.05	27.958
Mar 01	56.10	56.10	56.10	+0.13	27.958
Apr 98	56.10	56.10	56.10	+0.13	27.958
May 98	56.10	56.10	56.10	+0.13	27.958
Jun 98	56.10	56.10	56.10	+0.13	27.958
Jul 98	56.10	56.10	56.10	+0.13	27.958
Aug 98	56.10	56.10	56.10	+0.13	27.958
Sep 98	56.10	56.10	56.10	+0.13	27.958
Oct 98	56.10	56.10	56.10	+0.13	27.958
Nov 98	56.10	56.10	56.10	+0.13	27.958
Dec 98	56.10	56.10	56.10	+0.13	27.958
Jan 99	56.10	56.10	56.10	+0.13	27.958
Feb 99	56.10	56.10	56.10	+0.13	27.958
Mar 99	56.10	56.10	56.10	+0.13	27.958
Apr 99	56.10	56.10	56.10	+0.13	27.958
May 99	56.10	56.10	56.10	+0.13	27.958
Jun 99	56.10	56.10	56.10	+0.13	27.958
Jul 99	56.10	56.10	56.10	+0.13	27.958
Aug 99	56.10	56.10	56.10	+0.13	27.958
Sep 99	56.10	56.10	56.10	+0.13	27.958
Oct 99	56.10	56.10	56.10	+0.13	27.958
Nov 99	56.10	56.10	56.10	+0.13	27.958
Dec 99	56.10	56.10	56.10	+0.13	27.958
Jan 00	56.10	56.10	56.10	+0.13	27.958
Feb 00	56.10	56.10	56.10	+0.13	27.958
Mar 00	56.10	56.10	56.10	+0.13	27.958
Mar 01	56.10	56.10	56.10	+0.13	27.958
BRITISH POUND (ICMR)					
Mar 00	1.6376	1.6386	1.6400	1.6402	2.599
Mar 01	1.6386	1.6400	1.6400	1.6402	2.599
Apr 98	1.6376	1.6400	1.6400	1.6402	2.599
May 98	1.6376	1.6400	1.6400	1.6402	2.599
Jun 98	1.6376	1.6400	1.6400	1.6402	2.599
Jul 98	1.6376	1.6400	1.6400	1.6402	2.599
Aug 98	1.6376	1.6400	1.6400	1.6402	2.599
Sep 98	1.6376	1.6400	1.6400	1.6402	2.599
Oct 98	1.6376	1.6400	1.6400	1.6402	2.599
Nov 98	1.6376	1.6400	1.6400	1.6402	2.599
Dec 98	1.6376	1.6400	1.6400	1.6402	2.599
Jan 99	1.6376	1.6400	1.6400	1.6402	2.599
Feb 99	1.6376	1.6400	1.6400	1.6402	2.599
Mar 99	1.6376	1.6400	1.6400	1.6402	2.599
Apr 99	1.6376	1.6400	1.6400	1.6402	2.599
May 99	1.6376	1.6400	1.6400	1.6402	2.599
Jun 99	1.6376	1.6400	1.6400	1.6402	2.599
Jul 99	1.6376	1.6400	1.6400	1.6402	2.599
Aug 99	1.6376	1.6400	1.6400	1.6402	2.599
Sep 99	1.6376	1.6400	1.6400	1.6402	2.599
Oct 99	1.6376	1.6400	1.6400	1.6402	2.599
Nov 99	1.6376	1.6400	1.6400	1.6402	2.599
Dec 99	1.6376	1.6400	1.6400	1.6402	2.599
Jan 00	1.6376	1.6400	1.6400	1.6402	2.599
Feb 00	1.6376	1.6400	1.6400	1.6402	2.599
Mar 00	1.6376	1.6400	1.6400	1.6402	2.599
Mar 01	1.6376	1.6400	1.6400	1.6402	2.599
CANADIAN DOLLAR (ICMR)					
Mar 00	0.6711	0.6711	0.6711	0.6711	5.622
Mar 01	0.6711	0.6711	0.6711	0.6711	5.622
Apr 98	0.6711	0.6711	0.6711	0.6711	5.622
May 98	0.6711	0.6711	0.6711	0.6711	5.622
Jun 98	0.6711	0.6711	0.6711	0.6711	5.622
Jul 98	0.6711	0.6711	0.6711	0.6711	5.622
Aug 98	0.6711	0.6711	0.6711	0.6711	5.622
Sep 98	0.6711	0.6711	0.6711	0.6711	5.622
Oct 98	0.6711	0.6711	0.6711	0.6711	5.622
Nov 98	0.6711	0.6711	0.6711	0.6711	5.622
Dec 98	0.6711	0.6711	0.6711	0.6711	5.622
Jan 99	0.6711	0.6711	0.6711	0.6711	5.622
Feb 99	0.6711	0.6711	0.6711	0.6711	5.622
Mar 99	0.6711	0.6711	0.6711	0.6711	5.622
Apr 99	0.6711	0.6711	0.6711	0.6711	5.622
May 99	0.6711	0.6711	0.6711	0.6711	5.622
Jun 99	0.6711	0.6711	0.6711	0.6711	5.622
Jul 99	0.6711	0.6711	0.6711	0.6711	5.622
Aug 99	0.6711	0.6711	0.6711	0.6711	5.622
Sep 99	0.6711	0.6711	0.6711	0.6711	5.622
Oct 99	0.6711	0.6711	0.6711	0.6711	5.622
Nov 99	0.6711	0.6711	0.6711	0.6711	5.622
Dec 99	0.6711	0.6711	0.6711	0.6711	5.622
Jan 00	0.6711	0.6711	0.6711	0.6711	5.622
Feb 00	0.6711	0.6711	0.6711	0.6711	5.622
Mar 00	0.6711	0.6711	0.6711	0.6711	5.622
Mar 01	0.6711	0.6711	0.6711	0.6711	5.622
GERMAN MARK (ICMR)					
Mar 00	1.9360	1.9360	1.9360	1.9360	2.710
Mar 01	1.9360	1.9360	1.9360	1.9360	2.710
Apr 98	1.9360	1.9360	1.9360	1.9360	2.710
May 98	1.9360	1.9360	1.9360	1.9360	2.710
Jun 98	1.9360	1.9360	1.9360	1.9360	2.710
Jul 98	1.9360	1.9360	1.9360	1.9360	2.710
Aug 98	1.9360	1.9360	1.9360	1.9360	2.710
Sep 98	1.9360	1.9360	1.9360	1.9360	2.710
Oct 98	1.9360	1.9360	1.9360	1.9360	2.710
Nov 98	1.9360	1.9360	1.9360	1.9360	2.710
Dec 98	1.9360	1.9360	1.9360	1.9360	2.710
Jan 99	1.9360	1.9360	1.9360	1.9360	2.710
Feb 99	1.9360	1.9360	1.9360	1.9360	2.710
Mar 99	1.9360	1.9360	1.9360	1.9360	2.710
Apr 99	1.9360	1.9360	1.9360	1.9360	2.710
May 99	1.9360	1.9360	1.9360	1.9360	2.710
Jun 99	1.9360	1.9360	1.9360	1.9360	2.710
Jul 99	1.9360	1.9360	1.9360	1.9360	2.710
Aug 99	1.9360	1.9360	1.9360	1.9360	2.710
Sep 99	1.9360	1.9360	1.9360	1.9360	2.710
Oct 99	1.9360	1.9360	1.9360	1.9360	2.710
Nov 99	1.9360	1.9360	1.9360	1.9360	2.710
Dec 99	1.9360	1.9360	1.9360	1.9360	2.710
Jan 00	1.9360	1.9360	1.9360	1.9360	2.710
Feb 00	1.9360	1.9360	1.9360	1.9360	2.710
Mar 00	1.9360	1.9360	1.9360	1.9360	2.710
Mar 01	1.9360	1.9360	1.9360	1.9360	2.710

[illegible]

Stock Indexes		SP COMD INDEX (CLIFFE)	
Est. Index 24.71 Their open 24.36		250.10 Ind.	
Their open bid 23.92 Ask 24.36		198.30 Ind. 198.30 192.70 -	
1-MONTH TREASURY (CLIFFE)		-3.20 197.50	
9202.50 ask of 195.00		-3.40 196.50	
Jan	92.64 92.61 92.52 92.50	Mar	92.64 92.61 92.52 92.50
Feb	92.64 92.61 92.52 92.50	Apr	92.64 92.61 92.52 92.50
Mar	92.64 92.61 92.52 92.50	May	92.64 92.61 92.52 92.50
Apr	92.64 92.61 92.52 92.50	Jun	92.64 92.61 92.52 92.50
May	92.64 92.61 92.52 92.50	Jul	92.64 92.61 92.52 92.50
Jun	92.64 92.61 92.52 92.50	Aug	92.64 92.61 92.52 92.50
Jul	92.64 92.61 92.52 92.50	Sep	92.64 92.61 92.52 92.50
Aug	92.64 92.61 92.52 92.50	Oct	92.64 92.61 92.52 92.50
Sep	92.64 92.61 92.52 92.50	Nov	92.64 92.61 92.52 92.50
Oct	92.64 92.61 92.52 92.50	Dec	92.64 92.61 92.52 92.50
Nov	92.64 92.61 92.52 92.50	Jan	92.64 92.61 92.52 92.50
Dec	92.64 92.61 92.52 92.50	Feb	92.64 92.61 92.52 92.50
1-MONTH TREASURY (CLIFFE)	198.30 198.30 192.70 -3.20 197.50	C&C A&M (CLIFFE)	
Feb		F2700 per index opt.	
Mar	92.64 92.61 92.52 92.50	198.30 198.30 192.70 -3.20 197.50	
Apr	92.64 92.61 92.52 92.50	198.30 198.30 192.70 -3.20 197.50	
May	92.64 92.61 92.52 92.50	198.30 198.30 192.70 -3.20 197.50	
Jun	92.64 92.61 92.52 92.50	198.30 198.30 192.70 -3.20 197.50	
Jul	92.64 92.61 92.52 92.50	198.30 198.30 192.70 -3.20 197.50	
Aug	92.64 92.61 92.52 92.50	198.30 198.30 192.70 -3.20 197.50	
Sep	92.64 92.61 92.52 92.50	198.30 198.30 192.70 -3.20 197.50	
Oct	92.64 92.61 92.52 92.50	198.30 198.30 192.70 -3.20 197.50	
Nov	92.64 92.61 92.52 92.50	198.30 198.30 192.70 -3.20 197.50	
Dec	92.64 92.61 92.52 92.50	198.30 198.30 192.70 -3.20 197.50	
1-MONTH TREASURY (AMTIF)	Est. Index 24.71 Their open 24.36		198.30 198.30 192.70 -3.20 197.50

7-PM million - jobs at 1968			
Mar 78	95.62	94.61	94.51
Apr 78	96.32	94.99	94.92
May 78	96.32	94.99	94.92
Jun 78	96.32	94.99	94.92
Jul 78	96.32	94.99	94.92
Aug 78	96.32	94.99	94.92
Sep 78	96.32	94.99	94.92
Oct 78	96.32	94.99	94.92
Nov 78	96.32	94.99	94.92
Dec 78	96.32	94.99	94.92
Jan 79	96.32	94.99	94.92
Feb 79	96.32	94.99	94.92
Open Int. 206,422 Off \$14.			

2-MONTH EUROAREA (LUFER)			
ITL 1 million - job of 100 pct			
Mar 78	95.08	94.07	94.10
Apr 78	95.08	94.07	94.10
May 78	95.08	94.07	94.10
Jun 78	95.08	94.07	94.10
Jul 78	95.08	94.07	94.10
Aug 78	95.08	94.07	94.10
Sep 78	95.08	94.07	94.10
Oct 78	95.08	94.07	94.10
Nov 78	95.08	94.07	94.10
Dec 78	95.08	94.07	94.10
Jan 79	95.08	94.07	94.10
Feb 79	95.08	94.07	94.10
Open Int. 186,171 Prev. sess. 107,321			
Vol. open Int. 779,528 up 23,025			

Commodity indexes

	Cash	Previous
Woolley's	1,451.50	1,468.50
D.J. Futures	1,425.48	1,729.50
	221.61	231.68

Sources: *Mutual Associated Press Limited*
Int'l Monetary Exchange, Int'l
Western Union

Residential Real Estate

crry Friday in the 100's!

Year	Percent
1950	7.0
1960	8.5
1970	10.0
1980	11.5

U.S. Rejects OECD Draft On Investing

WASHINGTON — The United States will not sign a multilateral investment agreement being negotiated by the Organization for Economic Cooperation and Development, the U.S. trade representative, Charlene Barshefsky, said Friday. This agreement at this time is simply not good enough, Barshefsky said. "We do not see this agreement as a vision signing on to this agreement," she said.

OECD representatives are scheduled to meet next week in Paris to discuss the fate of the agreement and whether negotiations can be completed in April.

Ms. Barshefsky said that the U.S. point of view, the agreement was unbalanced and required "very substantial" changes to make it something the United States would sign.

She said the United States was alone in its objections to the agreement, which the 29-member OECD hoped would promote global investment.

Environmental and labor groups around the world strongly opposed the agreement, arguing that it would give too much power to investors at the expense of taxpayers.

U.S. officials say major changes will have to be made in the agreement before Congress will support it.

Clinton administration officials have said that the agreement would give investors too much power to sue governments for expropriation of assets.

The agreement would also require governments to provide compensation for expropriation of assets.

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Global One Fires Chief Over Losses

BRUSSELS — Global One fired its chief executive officer, Vlastimir Vucina, after 17 months on the job, a person familiar with the European-U.S. phone venture said Friday. The agreement at this time is simply not good enough, Barshefsky said. "We do not see this agreement as a vision signing on to this agreement," she said.

OECD representatives are scheduled to meet next week in Paris to discuss the fate of the agreement and whether negotiations can be completed in April.

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Lloyds TSB Goes Shopping in the U.K. Market

Compiled by Our Staff From Dispatches

LONDON — Lloyds TSB Group PLC said Friday it was interested in buying another British financial institution as it reported that second-half net income rose an expected 41 percent on falling costs.

Britain's second largest bank posted second-half net income of £1.25 billion (\$2.05 billion), or 23.3 pence per share, compared with £885 million, or 17.5 pence per share, in the year-earlier period.

The chairman, Sir Brian Pitman, said in an interview that he would like to make another acquisition to gain further economies of scale. The bank noted continued savings from its acquisitions in 1995 of the TSB Group and the mortgage unit Cheltenham & Gloucester.

"What people are going to be looking for is what they're going to do with their cash pile," said Mark Gardner, an investment adviser at Julius Baer Investments Ltd.

Lloyds TSB shares, the best performing among British banks in 1997 with an 83 percent total return, rose to 872 pence from 842 pence on the London Stock Exchange.

Sir Brian said Friday the bank would prefer to acquire a British institution so it can reduce costs while enhancing its product range. He also said Lloyds TSB generated about £1 billion in surplus capital in 1997 and would probably generate about the same in 1998.

Lloyds TSB has avoided problems suffered by its largest competitors. It had negligible lending to Asia, where stocks, currency and debt markets have plunged. Lloyds TSB avoided investment banking, while Barclays PLC and National Westminster PLC will take hundreds of millions of pounds in charges for selling their investment banks in 1997.

The bank's full-year net income was £2.34 billion, compared with £1.57 billion in 1996. The final dividend was 11.9 pence, bringing the total dividend to 17.2 pence, up 30 percent from 13.2 pence a year earlier.

Provisions for bad and doubtful debts rose to £421 million from £327 million in 1996.

Regarding the bank's exposure in Asia, Sir Brian told a news conference that this amounts to less than £600 million, with around £330 million of this in South Korea, of which the majority was interbank lending. Lloyds is also owed around £150 million in Brady bonds by the Philippines government.

"Presently 35 percent of our sales are in France, 45 percent in Europe, with only 10 percent in the Americas. This move is being made to place us in a position to further develop this very important market."

Martin Hingley, research director at International Data Consultants in London, said: "The view, not just in France but in Europe in general, is that you have to be located in the U.S. if you want to drive a world-wide product."

Bull's software division is small compared with that of some of its competitors. In 1997, revenue was only \$80 million, and it only had one major product, called Information System Management, a program that provides secure management systems for large computer systems.

Bull has been struggling for years, making its first profit in 1995 after suffering enormous losses since 1988.

Many shareholders have expressed nervousness about Mr. de Panafieu's ability to lead the company.

Since September, when he took over the company, Bull's shares have been volatile, slumping as low as \$5.75 francs (\$9.17) on Sept. 20, and soaring as high as 72.00 francs on Oct. 20. The stock finished Friday at 64.65 francs, down 0.45.

The company said this month that its 1997 profit rose 60 percent, to 603 million francs, while revenue rose 5 percent, to 24.6 billion francs.

Environmental and labor groups around the world strongly opposed the agreement, arguing that it would give too much power to investors at the expense of taxpayers.

U.S. officials say major changes will have to be made in the agreement before Congress will support it.

Clinton administration officials have said that the agreement would give investors too much power to sue governments for expropriation of assets.

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France's Bull to Move Software Center to U.S.

By Paul Floren

International Herald Tribune

PARIS — France's leading computer maker, Groupe Bull SA, a longtime symbol of the nation's state-directed attempts to build industrial prowess, will move the headquarters of its software division to the United States, its chief executive said Friday.

Guy de Panafieu, chairman and chief executive of Bull, said the necessity of being a player in the huge and dynamic U.S. technology market would also compel Bull to establish research and development facilities at the American site, which the company has not chosen yet.

The move of the software division out of France represents a dramatic shift for a company that in decades past was groomed by a series of French governments in a costly effort to make it a pillar of industry rivaling International Business Machines Corp. of the United States.

"Today's actions are symbolic of Bull becoming a banal computer company and no longer a national interest," said Christian Stoffaes, director of the Institute of Industrial History and a former information-technology official at the Industry Ministry. "It shows the end of a political policy that resulted from the American refusal to sell a supercomputer to the French in 1960 for the nuclear program."

Mr. de Panafieu would not say how much the company planned to invest in the new U.S. operation, but he said "several dozen" people would be employed there. He said Bull had narrowed down its choices for location of the new facility to Boston, Phoenix or San Francisco.

Bull, formerly state-owned, is now controlled by NEC Corp. of Japan, Motorola Inc. of the United States, France Telecom and the French state, which each own 17 percent.

Mr. de Panafieu said the move was aimed at further developing its share of the American market, which accounts for 10 percent of Bull's total sales of \$1.1 billion. "What we want is to be world-wide," Mr. de Panafieu said.

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Foreign Sales Bolster Renault Revenue 13%

Reuters

PARIS — The French carmaker Renault said Friday its 1997 consolidated revenue had increased 13 percent to 207.91 billion francs (\$34.1 billion).

It said it was the first time sales had topped the 200 billion-franc mark. Renault, which is expected to report its full results March 12, said the revenue contribution of its automotive division amounted to 165.79 billion francs, up nearly 14 percent from a year earlier.

It said the increase in unit sales outside France had more than offset a drop in its domestic market. Renault shares fell 1 franc to 192.10 Friday.

Last February, Renault announced a major reorganization that has been seen as putting pressure on a competitor, PSA Peugeot-Citroen.

Peugeot shares fell 2.3 percent Friday after the company said it expected to report after-tax losses of 2.5 billion francs for 1997. Renault said its revenue benefited from an improvement in the product mix, due to the success of the Megane model but also of the new Safrane and the new Espace, as well as the strength of the pound.

It added that the improvement was due to increased sales in the United States and Europe, as well as the favorable exchange rate of the dollar against the franc.

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Investor's Europe

Frankfurt DAX

London FTSE 100 index

Paris CAC 40

Source: Reuters, AFP

Exchange Index Friday Close Prev. Change

Amsterdam AEX 974.62 973.05 +0.16

Brussels BEL-20 2,652.84 2,652.38 +0.66

Frankfurt DAX 4,502.48 4,506.83 -0.76

Copenhagen Stock Market 692.86 693.96 -0.16

Helsinki HEX General 3,861.56 3,788.82 +1.91

Ose OBX 661.07 658.28 +0.42

London FTSE 100 5,582.30 5,552.50 +0.54

Madrid Stock Exchange 710.04 705.67 +0.62

Milan MIBTEL 1997 19809 -0.16

Paris CAC 40 3,187.73 3,178.70 +0.28

Stockholm SX 16 3,066.81 3,063.98 +0.66

Vienna ATX 1,336.94 1,333.91 +0.23

Zurich SPI 4,280.22 4,261.42 +0.44

Source: Reuters, AFP

Very briefly:

• The Bank of Spain lowered its money-market interest rate to 4.50 percent from 4.75 percent. Economists expect more cuts as the central bank seeks its key rate lower to match rates in Germany and other leading economies ahead of next year's planned introduction of the single European currency.

• The European Commission found that car prices within the 15-nation European Union varied by more than 40 percent on 16 of the 72 car models it surveyed. The survey found the British car market to be the most expensive in the EU, followed by Ireland's. The lowest prices were in the Netherlands and Portugal.

• General Electric Co. of Britain sold its chip-making unit Plessey Semiconductors Ltd. to Mitel Corp., a Canadian telecommunications equipment company, for \$225 million as part of GE's restructuring program.

• Commerzbank AG's chief executive, Martin Kohlhauss, said Asia's financial crisis seemed to be waning and dismissed talk of waiving claims on loans to the region. Germany's third-largest commercial bank has set aside 1 billion Deutsche marks (\$553 million) to cover risky loans there.

• France's current-account surplus shrank in November to a seasonally adjusted 14.1 billion francs (\$2.3 billion) from 30.8 billion in October, the Finance Ministry said.

• Aérospatiale of France had a profit of more than 1 billion francs (\$164 million) last year on revenue of \$5 billion francs, its chairman, Yves Micot, was quoted as telling legislators.

• ArianeSpace's rocket-launching center in French Guiana plans to invest more than \$160 million to help it handle growing international demand.

Reuters, Bloomberg, AFP

WORLD STOCK MARKETS

Friday, Feb. 13

Prices in local currencies

Telex

High Low Close Prev.

Amsterdam AEX Index: 974.62

Brussels BEL-20 Index: 2,652.84

Frankfurt DAX Index: 4,502.48

Copenhagen Stock Market: 692.86

Helsinki HEX General: 3,861.56

Ose OBX Index: 661.07

London FTSE 100 Index: 5,582.30

Madrid Stock Exchange: 710.04

Milan MIBTEL Index: 1997

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Friday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
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Expressed to Spend

SD: Can Hong Kong Let A

Murdoch Invests In South Korea

Moody's Downgrades Daiwa Bank Deposits

want to get caught with their pants down with an investment-grade rating on a bank that ultimately fails."

Moody's and Standard & Poor's Corp., another U.S. credit-rating concern, have cut the ratings of 10 Japanese banks since October and threatened to downgrade 15 more.

Daiwa Bank, like Sanwa Bank Ltd., Sakura Bank Ltd. and others, lenders that have seen their credit ratings lowered, is saddled with property-linked bad loans left over from the burst of Japan's inflated "bubble" economy around 1990.

Daiwa Bank's stock, which fell 20 percent in the last two months, tumbled by one-third since Oct. 3. Tokyo-Mitsubishi's shares fell 60 to 1,860, and Dai-ichi Kangyo fell 30 to 1,070.

(Bloomberg AP)

In South Korea, Militant Labor Is on the Line

more flexible — making it easier to hire and fire — is a key step to getting the economy back on its feet. Korean workers are the highest paid in Asia outside Japan.

"They have to accept the inevitable," said Shin Yu Shig, an economist at Daewoo Research Institute.

Korean stocks rallied briefly Friday after falling during the week as the strike neared. The benchmark Composite Index then wiped out its gain — it fell 1.23 percent to 506.20 at the close — as foreign investors pulled back.

"Investors don't really believe unionists won't strike because they

J.P. Morgan Sued In South Korea

Bloomberg News

SEOUL—A brokerage firm filed suit Friday against J.P. Morgan & Co. for \$62 million in an escalating legal dispute over losses on derivative investments based on Asian currencies.

The brokerage, SK Securities Co., also asked a Seoul court to block a \$160 million payment to the U.S. bank. The court temporarily halted a \$180 million payment Tuesday, an SK Securities executive said. J.P. Morgan and other banks involved in the dispute say the currency transactions that resulted in the losses are fair and binding.

To some bankers, the court's decision Tuesday suggested South Korea may go back on promises to liberalize its economy and financial markets in exchange for \$60 billion in emergency credit arranged by the International Monetary Fund.

SK Securities is trying to avoid paying Housing & Commercial Bank by challenging that bank's payment to J.P. Morgan. SK says it did not understand the risks of a derivatives transaction involving the two other banks. A spokesman for SK said Morgan "simply didn't do enough to avoid the losses."

Investor's Asia

Hong Kong
Hang Seng

Singapore
Straits Times

Tokyo
Nikkei 225

Exchange	Index	Friday Close	Prev. Close	% Change
Hong Kong	Hang Seng	10,274.60	10,620.03	-3.25
Singapore	Straits Times	1,552.69	1,600.29	-2.97
Sydney	All Ordinaries	2,653.00	2,674.30	-0.80
Tokyo	Nikkei 225	15,791.01	17,174.93	-2.24
Kuala Lumpur	Composite	685.50	697.43	-1.71
Bangkok	SET	499.07	508.33	-1.84
Seoul	Composite Index	506.20	512.49	-1.23
Taipei	Stock Market Index	8,705.46	8,800.02	-1.06
Manila	PSE	2,094.98	2,166.45	-3.30
Jakarta	Composite Index	4,481.58	4,426.289	+1.33
Wellington	NZSE-40	2,313.01	2,312.86	+0.01
Bombay	Sensitive Index	3,373.53	3,298.89	+2.42

Defying China, Taiwan Moves on Asia Fund

The idea was opposed by the United States, which was adamant that bailouts are best managed by the International Monetary Fund. The IMF has programs in place in Thailand and South Korea.

Taiwan has been relatively unscathed by the financial turmoil.

Taiwan was barred entry to the IMF by Communist China, regards the Nationalist-ruled island as a renegade province ineligible for sovereign ties.

JAPAN: Pressed to Spend, Leader Wants to Save

Continued from Page 1

"For the purpose of avoiding conflict, we would have to do something very, very extraordinary — large, which we can't afford," Mr. Miyazawa said.

A result, he said, will be growing tensions between Tokyo and Washington, aggravated by a wave of Asian exports bypassing frail Japan and pouring into the United States.

Mr. Hashimoto has strongly backed the view of the Finance Ministry that it is imperative to cut deficits and raise taxes to prepare for the retirement of the baby boomers.

Because of this concern, Mr. Hashimoto pushed through a law in November setting tough targets for cutting the budget deficit. It would be embarrassing now for him to reverse course and raise the deficit. Even Mr. Hashimoto's critics concede that he has a point, although many say he adheres to it too rigidly.

President Bill Clinton telephoned Mr. Hashimoto on Jan. 13 to urge him to stimulate the economy, and a chorus of other U.S. officials have urged him in the few weeks to press Japan as well.

One of the biggest fears in Washington is that Japan will try to get out of its economic mess not by stimulating its economy further but by dispatching a new wave of exports to the United States.

On Friday, Japan responded to the mounting U.S. demands that it spur its economy by repeating that it can and will act if necessary. Reuters reported from Tokyo.

{After an unusually pointed call Thursday from the U.S. deputy Treasury secretary, Lawrence Summers, for Japan to scrap its "virtual policy," and quickly take further steps

LINGERIE: *Frederick's Seeks Feminine Appeal*

Continued from Page 9

The company has big plans for its stores, which Ms. Patterson wants to spread into many of America's suburban malls. The stores will carry more lingerie than sportswear, which sells better through the catalog. There will be more space to move around, and bra fitters, one of Frederick's hallmarks, will not be shy about offering their services. Sales on the Internet barely register at most American retailers, but Frederick's, which expected little more than \$1 million from the medium, sold roughly \$5 million in merchandise in 1997 through its Web site (www.fredericks.com). Ms. Patterson also says she can export the

LAND: Can Hong Kong Let Prices Slip Further?

Continued from Page 9

ans healthy budget surpluses, the idea of seeing land revenue plunge is abhorrent both out to China, which has **put out** Hong Kong budgets in the past whenever they ran small deficits or sought to dramatically increase social spending.

[On Friday, the government unveiled its first full-year spending plan since the former British colony became an autonomous region of China last July. Reuters reported. It calls for a 5 percent increase in spending for 1998-99, with the largest share of new capital spending going to housing.]

The choice of a tough one, land revenue, cheaper operation, they risk companies follow Air France, said it would not headquarters save as much rental costs. ment rises a tenants in se Kong's expense malls seek rent for plunging to developers to supply could be. It's ridiculous Kong's price world's highest

to stimulate the economy, a senior Finance Ministry official, Eisuke Sakakibara, said he would not have anything new to offer, when he met Mr. Summers next week in Washington.

["Our policy has already been made clear," said Mr. Sakakibara, the deputy finance minister for international affairs.]

Pressure for reform apparently had had some effect, as Mr. Hashimoto announced a temporary \$16 billion tax cut in December. But that was widely regarded as too little and too temporary to have much effect.

Now, although Mr. Hashimoto is apparently still highly concerned over Japan's long-term budget problems, he may be considering further measures. By some estimates, Japan is on the verge of recession, so Mr. Hashimoto and his aides have been dropping hints that they may risk increasing the deficit by approving a larger stimulus package in the spring.

The timing of the budget process will make it difficult to make any decision until late April, but officials have hinted that at that time, a larger stimulus package is a possibility.

Still, Mr. Hashimoto and his aides may simply be trying to trick the stock market. It is critically important for stock prices to rise by March 31, the last day of the fiscal year. If stock prices are too low, financial institutions will have to acknowledge losses on their portfolios, which would only worsen the crisis.

Thus the pattern is for the government to drop optimistic hints in the first quarter of each year, followed by backtracking and evasions once the books are closed. "We're concerned about the game they're playing," said Shigenori Okazaki, an analyst at SBC Warburg. "It's a very dangerous game."

Frederick's look to Latin America, Eastern Europe and other developing markets.

"South America has come to terms with its sexuality and needs good value," she said. "And in Paris you can find lingerie on any street corner, but not so in Prague."

None of this will come cheaply; Ms. Patterson has cut costs and is counting on the company's hefty cash flow to fuel these ambitious expansion plans. But it will not be easy to change the mind-set of what has long been a family business where money in the bank was the paramount goal.

"It is a hard transition," she said, "to go from a preservation-of-cash operation to a high-growth business."

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TRISTAR PICTURES PRESENTS A GRADY HATKOFF PRODUCTION
ALFRED HITCHCOCK'S "THE BIRDS" STARRING TIP HEDREN AND CATHY NEELEY
CASTING BY ALFRED HITCHCOCK
MUSIC BY MICHAEL KROPP
EDITED BY JAMES W. COHEN
PRODUCTION DESIGNER: ROBERT L. JOHNSON
EXECUTIVE PRODUCERS: ARTHUR KOPELSON & RICHARD D. ZUCKERMAN
PRODUCED BY GRADY HATKOFF
SCREENPLAY BY MARY KAY
DIRECTED BY ALFRED HITCHCOCK

GERMANY, NOW PLAYING

**"SENSITIVE AND TENDER, FUNNY
THE BEST COMEDY SO FAR T
WITH A SUCCESSFUL TRIO WHO
YOU LAUGH AND CRY. A GOL
FOR JACK, THE BRILLIANT CHA
LE POINT, MICHEL PASC**

**"YOU'RE BOUND TO HAVE A TERRI
TIME! HELEN HUNT IS A REV
TIME MAGAZINE, RICHARD C**

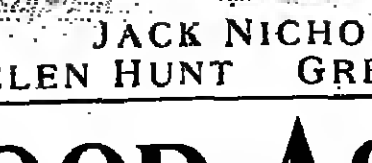
**"YOU'LL NO DOUBT BE WON OVER
NEWSWEEK, DAVID ANSE**



WINNER
3 GOLDEN GLOBE AWARDS

**BEST PICTURE
(COMEDY)**

**7 ACADEMY AWARD
NOMINATIONS**
- INCLUDING -
BEST PICTURE
BEST ACTOR, JACK NICHOLSON
BEST ACTRESS, HELEN HUNT
BEST SUPPORTING ACTOR, GREG




JACK NICHOLS
HELEN HUNT **GREG**

AS GOOD AS DEAD

JACK NICHOLSON **HELEN HUNT** **GREG KINNEAR** **"AS GOOD AS IT IS DEAD"**
CASTING BY **WILL BRITZKE** **PRODUCTION DESIGNER** **JOHN DAILEY** **EXECUTIVE PRODUCERS** **JOHN SCHWARTZ**
PRODUCED BY **MARK ANDREWS** **AND** **JAMES L. BRIDGES** **WRITTEN BY** **BRIDGET JOHNSON**

G - FRANCE, FEBRUARY 18 - SPAIN, FEBRUARY 19



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IT GETS

STYLING: CHLOE GOODING, J.R. SKEET | MUSIC: STANLEY KUNITZ | HAIR: JAMES ZIMMER
AND RICHARD MARKS | MAKEUP: LAURENCE MARK | RICHARD SAKAI | LAURA ZIGLER
TUNING: KRISTY ZEA | PRODUCTION: JAMES L. BOGANS

IT GETS

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BURBURY 27 - GREAT BRITAIN, MARCH 1



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February 13, 1998

For information on how to list your fund, fax Katy Hourai at (33-1) 41 43 92 12 or E-mail: funds@iint.com
To receive free daily quotations for your funds by E-mail: subscribe@e-funds@iint.com

[illegible][illegible]

But Foreign Inv

Bottom-Fishers in Asia Avoid Bangkok and Are Wary Elsewhere...

INTERNATIONAL opinion is wildly divided about the future of Southeast Asia's financial markets. Some analysts see the recent recoveries in the region's battered markets as the beginning of a recovery, others a bull rally in a bear market that still has a lot of impeding to do. With that unsettled view in mind, Money Report correspondents asked large and small investors in key markets what kind of bargains they perceived among the region's equities and whether they believed that the worst of the crisis had passed.

Buyers beware: People in the region seem to be more cautious than those looking in from outside. On the other hand, last week's Money Report showed that stock-pickers did better in faraway markets than in their own backyards.

Hong Kong

There is only one thing that drives Hong Kong stocks these days, and that is the price of money. Hong Kong interest rates can double in one day, whenever currency instability in the rest of Asia forces the authorities in Hong Kong to raise rates in order to make holding local currency more attractive. Both the Hong Kong dollar and Chinese yuan are effectively fixed to the U.S. dollar, but the question is: for how long?

When rates rise, as they did in October and in January, the market crashes. When rates come down, the market recovers, but so far not nearly to the point at which Hong Kong was last summer. Rates have come down substantially in February, but many observers figure that Hong Kong is in for another increase before long, because Asia is bound to go through more turmoil before its economic crisis is resolved.

"As rates go up, the market will correct," said a SocGen Crosby Securities economist, Clive McDonnell. He balances Chinese promises not to devalue the yuan with the re-emergence of a currency black market in Shanghai, a sign that Chinese do not fully believe the government's promise to hold the currency's value. If the yuan falls, the pressure on Hong Kong's currency could become unbearable.

In the meantime, high rates in Hong Kong make the outlook for most stocks mixed at best.

"Because the economy's slowing, I think it's very difficult for the market to sustain a strong rally," said David Lui, manager of Schroders Investment Management (HLK) Ltd.'s Asia Fund.

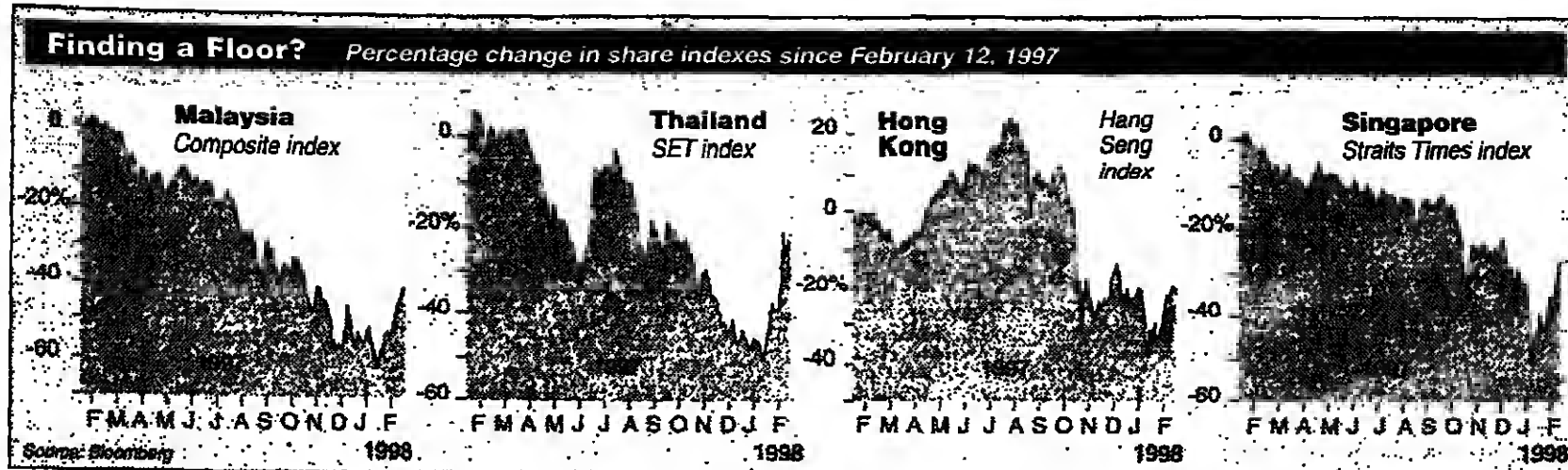
Many analysts say that if an investor wants into the Hong Kong market, the global bank HSBC Holdings Ltd. ought to be on the short list. It owns banks in Britain, the United States and Latin America, and is less dependent on Hong Kong mortgages than its local peers. That matters, because real estate prices have plunged since October, and probably have further to fall. Better yet, because HSBC is domiciled and traded in London, its reporting is more transparent than other Hong Kong banks.

Like Mr. McDonnell, Mr. Lui favors Li Ka-shing's conglomerate Hutchison Whampoa Ltd. for its diversification. With a lock on most of the ports between Hong Kong and Shanghai, the Felixstowe container port in Britain, oil in Canada, as well as half the Hong Kong grocery store and pharmacy market, Hutchison is the picture of diversification, with just 17 percent of its earnings coming from real estate. The company also has a debt-to-equity ratio of less than 20 percent, with about half in local and half in foreign currency.

But this is where analysis in Hong Kong can get tricky: If Hutchison or any other company has a private, 49 percent-owned subsidiary, that company's debts would not appear in the public company's accounts. Concern over hidden indebtedness is what plummeted the share price of the developer Sino Land Co. last month. Since almost all loans in Hong Kong are floating-rate, rising interest rates take an immediate bite out of anyone servicing a loan.

Not everyone in Hong Kong is a bear. With the Hang Seng index at about 10,790, Franklin Lam, a real estate analyst at SBC Warburg Dillon Read, said he expected real-estate stocks to rise 35 percent by June. One of his favorites is the residential developer Henderson Land Development Co.

Even if interest rates stay high, Henderson's specialty — low-end starter housing — will sell well, he contended, because prices have fallen by as much as 40 percent since last summer. Unlike some second-tier developers, Henderson builds on a low-cost land bank ac-



quired over many years.

To invest in Hong Kong and benefit from a recovering Southeast Asia, investors may want to look at Hongkong Telecommunications Ltd., said Richard Ferguson at South China Brokerage. Now that the phone company has secured almost \$1 billion in cash in exchange for giving up its monopoly on international direct-dial service, it is free to shop around Asia for distressed communications assets that look cheap. With its superior cash flow, the company's balance sheet will soon be bursting with \$2.2 billion for it to take shopping.

For a genuine bargain, the bottom-up mutual fund Value Partners recommends Wai Kee Holdings Ltd., which does civil engineering work and owns several quarries in Hong Kong. Better yet, Wai Kee owns 45 percent of Road King Infrastructure Ltd., which has 29 toll roads in China.

Priced at 1.13 Hong Kong dollars (14 cents) a share recently, Wai Kee's 45 percent stake in Road King alone is worth 2.15 dollars at current prices. At 1.13 dollars, a purchase of Wai Kee gets you a big discount on toll roads and the civil engineering business thrown in for free.

This sounds fine, but Road King has a debt-to-equity ratio of 65 percent, revenues in Chinese yuan and \$264 million in U.S.-dollar-denominated debt. A devaluation would make servicing that debt a lot harder.

— PHILIP SEGAL

Malaysia

Shereen Khong, an accountant in Kuala Lumpur, is a long-term investor in Malaysian standards: She often keeps stocks for a week, and sometimes as long as a month.

Mrs. Khong, 24, cares little for dividends and even less for a company's fundamentals. Her advice to someone who wants to invest long term in the stock market: "You just hold it for a maximum of one or two months and you can make profits."

Mrs. Khong and dozens of other investors were watching a large trading screen one day last week at a securities house in Kuala Lumpur. Among them was Kelvin Tan, 26, an engineer at a local television station, who said that the first thing he looks for when judging a stock is the daily trading volume.

For years, analysts have compared Kuala Lumpur's stock market to a race track. Investors picked their horses in the morning and gathered their winnings — or booked their losses — by late afternoon.

Mrs. Khong was perhaps even less discriminating than many bettors at a race track. In explaining why she bought a stock listed as Rekapac, she said, "I'm not too sure what they do, but a lot of people said they're good." (Rekapac Bhd. is a holding company that also makes wires and allied products, develops residential and commercial property, and has insurance and other financial operations. It closed Friday at 1.05 ringgit (29 cents), down from 3.54 a year ago but well above its recent low of 30 sen.)

Last year's stock-market bloodbath — the market's composite index fell 69 percent in dollar terms — only served to buttress the short-term investment strategy. Those who invested long term and tried to ride out last year's storm got burned.

A 70-year-old man at the securities house who had invested his life savings in the stock market said he lost his shirt. Pointing at a stock on the trading board that had plummeted last year, he said, "I don't think in my lifetime it will come back."

"People have been so shocked and shattered by what's happened that no one wants to commit," said Dominique Armstrong, head of research at Pesaka Jardine Fleming Sdn. But Mr. Armstrong nonetheless offered a list of pos-

sible buys for the long term, putting them into three categories: well-managed companies that are prepared for hard times, oversold stocks and companies that hold international franchises.

Mr. Armstrong listed YTL Corp., a power company, as an example of a business well prepared for the downturn. He described United Engineers Malaysia Bhd., a construction company that runs the country's major toll highway, as oversold.

His franchise stocks include KFC Holdings (Malaysia) Bhd., the restaurant chain that breeds its own chickens in Malaysia; Rothmans of Pall Mall (Malaysia) Bhd. and R.J. Reynolds Bhd., the tobacco companies, and two beer producers, Carlsberg Brewery Malaysia Bhd. and Guinness Anchor Bhd. Analysts in recent months have concentrated on these so-called sin companies: beer, cigarettes and gambling stocks, all considered resilient to economic downturns.

While these stocks have done well in recent weeks, Lai Tak Heong, director of research at SocGen Crosby Research Malaysia Sdn., warned that they made easy targets for a government needing to make up for lost revenue.

"As the year progresses, I would get increasingly uncomfortable that sin taxes will probably go up — possibly in the October budget," he said.

Also vulnerable are cash-rich, government-linked stocks like United Engineers, which last year bought a large stake in its parent company, Renong Bhd., in a deal that many analysts said amounted to a bailout for influential Renong shareholders.

United Engineers generates millions of dollars a week through its toll highway, which runs down the middle of peninsular Malaysia. Other companies with large cash flows, such as Telekom Malaysia Bhd., the former telephone monopoly, and Tenaga Nasional Bhd., a power company, are also cash-rich and thus seen as vulnerable to possible bailouts.

Given the overall economic situation in Malaysia, where economic growth is expected to slow to below 4 percent, stock picks sometimes follow seemingly tortured logic. Take plantation stocks, which in Malaysia center around palm oil. Malaysia is the world's biggest producer of the product, which can be used as a cooking oil, in soaps and as a lubricant.

With this year's El Niño weather pattern promising to reduce palm-oil yields, Mr. Lai of SocGen Crosby says this could actually benefit the sector. The logic is that the poor weather promises to drain reserves, thus sending the world price of palm oil higher, ultimately helping to boost the bottom line of producers in Malaysia.

— THOMAS FULLER

Singapore

Singapore enjoys what could be the most sound economy and financial system in Asia, with a strong trade balance and virtually no government or corporate debt. Yet its stock market is down about 30 percent in the last 12 months, even after a sharp recovery last week. The reason, professional investors say, is that Singapore simply is in the wrong place at the wrong time.

"Singapore is like a good boy in a class of rowdies," said Ean Wah Chin, the chairman responsible for institutional investment in Asia, excluding Japan, for Morgan Stanley, Dean Witter, Discover & Co.'s Morgan Stanley Asset Management.

"When the class gets punished, everybody gets hit," he added. "It should be borne in mind, however, that in the longer term, fundamentals always count, and I

am sure Singapore will come through this crisis stronger than ever. In the short term, there is no escaping the fact that it, too, will suffer economic consequences when its hinterland in ASEAN is being so seriously devastated."

The rapid deterioration in the fortunes of key competitors and trading partners in the Association of South East Asian Nations, such as Malaysia and, especially, Indonesia, has compelled foreign investors to ignore the fundamentals and focus on the potential impact the regional difficulties may have on Singapore.

"Singapore doesn't have problems with its current account or the excesses of Hong Kong in terms of property prices, but we depend on our neighbors," said Rosanna Lam, a senior fund manager for HSBC Asset Management in Singapore. "Can we go it alone? No. We have to go through a time of slower growth. But financially we are very stable."

Because Singapore is seen as suffering only from its exposure to the region's considerable troubles, some investment advisers suggest concentrating on companies that derive much of their business domestically. One money manager recommended the newspaper publisher Singapore Press Holdings Ltd. for this reason.

The manager, who asked that neither he nor his employer, a large Asian mutual-fund company, be identified, also recommended Singapore Airlines Ltd. It has exposure to the region, of course, but also does a lot of business elsewhere.

His two picks, he said, are "the best we can find in a very depressed market; we're buying them for defensive purposes." Mrs. Chin of Morgan Stanley also holds Singapore Press Holdings in her portfolio but is shunning Singapore Airlines and other airlines in the region.

"We don't like airlines because of the terrible discounting of hotel rooms and airline tickets," she said. "Leisure travel has disappeared here, although business travel is holding up."

Mrs. Chin also has some Singapore banks, which she is "buying for price reasons," meaning that they are too cheap to pass up, their shares having tumbled on worries over potentially large loan losses in the region.

Morgan Stanley has stakes in United Overseas Bank Ltd., Development Bank of Singapore Ltd. and Overseas Chinese Banking Corp. The three, she said, rose 20 to 30 percent recently after they had "bounced out to a ridiculous level." Another stock she likes is Creative Technology Ltd., which she described as the world leader in computer sound cards.

Mrs. Lam favors Singapore Technology Engineering Ltd., an aerospace and defense concern that she considers a defensive play in another respect: Its balance sheet is laden with cash.

She said she liked the banking sector and also owned a large property company, City Developments Ltd. But she stressed that she was avoiding smaller property companies because of their weak cash flows. She agreed with Mrs. Chin that financial companies had been knocked down to prices that are hard to resist.

For a street-level view of how Singaporean shares are performing, consult the "Window to the Market," a compendium of share prices and trading statistics displayed on a bank of screens in Raffles Place, the hub of financial life in the city-state. Or else just count the number of spectators who are milling around in front, checking on their investments.

"When you pass here and there is only one or two people, it's a bad situation," said one investor, Kamnani Tan, a manager at Lincoln National Reinsurance Cos. "When it's crowded, it means the market's doing well."

At lunchtime on a sultry day last week, as the market continued to rally fitfully

from a sharp January decline, the gathering numbered in the dozens. While most gazed silently, Maria Lim unleashed a squeal when she noticed that one of her holdings, Singapore Airlines, was among the day's leading gainers.

Miss Lim, who works in a bank computer department, said she was "looking for a quick kill" from her purchase of the shares. Some of her other investments have seemed more like slow death, their value having sunk with the market to a point at which she said it makes little sense to do anything but hold on.

"You just close the book and don't look at them," she lamented. "It's too late to let go."

Her strategy now is to "go in and pick up some new ones and get out fast," a reflection of her belief that share prices have yet to stabilize.

"The market's up, then down," she said. "I'm still a little bit worried."

So is Julian Teo, who works for the international consultancy Andersen Consulting. Were his stocks doing well?

"Not really," he said. "It's just too volatile to say. The market may be up for another week. I'm waiting to see how it goes."

Mr. Teo has taken a chance on a couple of stocks in the beaten-down property sector, City Developments Ltd. and DBS Land Ltd., a unit of Development Bank of Singapore. He said they were "up quite a bit" since he acquired them.

"But the property market's not doing so well," he said. "The analysts say I'll have to wait two years, but that's too long."

Y.H. Lai, a government research assistant, has had no joy from her investment in Sunright Ltd. She paid 2 Singapore dollars (\$1.22) a share, and has watched the semiconductor company's price fall to 1.50 dollars.

"Everyone's optimistic about the market, but not as optimistic as they were before," she said, alluding to the economic and financial crises in South Korea and Indonesia, which knocked the stuffing out of Singaporean share prices last month.

Miss Lai added that she found it galling that the losses of small investors were exacerbated by Singapore's system of fixed brokerages, which a Finance Ministry panel has advised scrapping.

"It's cheaper to buy Singapore stocks through Hong Kong than Singapore," she said. "That's my complaint; write it down."

Mr. Tati, the reinsurance company manager, stood apart from his fellow investors, saying he was playing a long game in the market. The foreign investors who dominate trading in Singapore are fickle, he said, so locals should hold positions for three to five years if they want to make money.

He claimed to have made quite a bit in short order, however, having bought Malayan Banking Bhd., a Malaysian bank with large interests in Singapore, at "something and now it's 5.05."

Mr. Tati revealed in his timing of a second purchase, MBF Capital Bhd., another Malaysian company, made with the help of an idiosyncratic, value-oriented approach.

"It went to 1.40 before the crash, then it came down to 10 cents, the price of a stick of satay," he said, referring to the popular food served by sidewalk vendors across the Malay Peninsula and Indonesia. "I thought, 'How low could it go?' Now it's at 63 cents."

— CONRAD DE AENLLE

Thailand

After more than two years of falling prices, Thai stocks have finally started

to rally. This recent upturn, analysts say, is a good opportunity to clear out of the country. They said it was not a time to be bottom-fishing.

"In the last few weeks, the stock market has got way ahead of itself," said Bob Burgess, a Bangkok-based financial consultant. "If you were lucky enough to come in this December, get out and sit on cash until it comes back down."

Asia's economic crisis began when hedge funds broke the Bank of Thailand in July, driving the baht down against the dollar and launching the entire region into a period of unprecedented currency volatility. With the baht now worth less than half what it was against the dollar six months ago, foreign investors are beginning to eye a country once touted by the World Bank as a model for economic development.

While logic seems to dictate that there must be bargains at a half-price sale, analysts warn that now is not the time to make investments in Thai stocks.

"The economy has not yet bottomed out, so it is hard to recommend a 'buy' in this market," said Nikhil Srinivasan, vice president of Morgan Stanley Asia Ltd. in Thailand. "We are in the midst of a Mexico-style economic retraction, without any sign of a Mexico-style recovery."

The initial round of currency turmoil may be abating, but the economies of Asia have yet to experience the full macroeconomic effects of devaluation and recession. The next stage of the region's crisis, economists warn, will include painful corporate bankruptcies, mass unemployment, inflation and possibly social unrest.

In the current environment, the only way to make money in Thai stocks, analysts say, is to adopt the trader mentality of realizing quick profits as soon as a stock ticks up.

"This will be a year of tremendous volatility," Mr. Burgess said. "If you are quick, nimble and lucky, you can make some money, but you need all three of those."

Regionally, Jardine-Fleming Unit Trusts said it had adopted a strategy to free up cash from regional funds in order to "take advantage of short-term trading opportunities in quality companies."

With little cash to invest long term, Thai speculators already operate along these lines, investing only in stocks with volumes large enough to sell once the price rises.

"I generally buy for one or two days only," said Mongkol Hawphatra, a retired real estate developer who comes each day to trade stocks at Adkinson Securities Co. "Banks and finance companies go up and down much more quickly, so you have a better chance to make money. It is also more exciting."

Thai speculators said they were waiting for a revival of foreign interest to provide a sustained advance.

"I like any stock that foreigners will invest in," said Orachun Sreshtaputra, a former engineer at Daewoo Corp., who comes daily to trade at Adkinson. "Once the foreigners come back into Thailand, the stocks will go back up."

Like many Thai investors, in the last year Mr. Orachun lost not only a good deal of money in the stock market, but he also lost his broker. Mr. Orachun was forced to move his accounts to Adkinson when his old brokerage, Pacific Finance Co., was shut by the government along with more than half the country's finance companies.

The extent of Thailand's financial crisis can easily be viewed at the main intersection of Bangkok's Chinatown, where only a few months ago crowds of speculators could be seen through the glass doors of brokerage houses as they tried their luck on the market. Now, however, the lights are turned off behind the glass doors and a patchwork of government notices blocks the view inside, informing clients how to recover money they are owed and listing the dates for the auction of company assets.

"No one has ever seen anything like the situation we have in Asia right now, with such tremendous levels of private-sector debt," Mr. Srinivasan said. "Since nobody has ever had to answer the questions we are facing, predictions are little more than educated guesswork."

When pushed for his prediction of where the stock market index would stand at the end of the year, Mr. Srinivasan would only commit to saying that it would go up.

"While that sounds optimistic, the index might go up for the wrong reasons," he said, "such as the central bank starts printing money or inflationary pressures."

— THOMAS CRAMPTON

... But Foreign Investors Charge Back Into the Region's Stocks After the Fall

By Aline Sullivan

IT IS JUST two weeks into the Chinese year of the tiger, and investors are rediscovering the economically ravaged countries of Southeast Asia. Significant fund inflows are forcing shares in many of the so-called tigers to surge. It may be a stark case of good money chasing bad.

The fundamentals haven't changed, warned a Hong Kong-based fund manager who asked not to be identified. "Property prices in the region are still falling, unemployment and inflation are rising, and the earnings outlook for most companies is dire. In some countries there is also a real risk of social unrest."

All that and more was predicted in Credit Lyonnais's Feng Shui Index, an annual forecast that employs a philosophy based on the rela-

tionship between wind and water and other factors that is studied by millions of Chinese.

"The year will begin all rosy and optimistic," it said, "but plenty of downside risk is lurking just beneath the surface." All told, it said, in the year of the tiger, "things will be worse than they were in the last quarter of 1997."

Nevertheless, the herd is, without a doubt, returning to Asia. Salmon Smith Barney/AMG Data Services calculated this week that cash flows to the Pacific region had totaled \$250 million so far this year. That may not sound like much compared with the \$2.3 billion inflow in 1996, but it is a great contrast with the \$3.4 billion outflow recorded last year.

Closed-end funds offer further proof. The \$180 million Asia Tiger fund, in common with most similar funds, is trading at or above its net asset value, compared to discounts of about 20

percent for most of the past year. That means that investors are so eager to own the fund that they are willing to pay more for its portfolio than if they bought the securities separately.

U.S. investors appear to be leading the stampede. Fund managers in Britain and Continental Europe also raised their Japanese holdings last month and many also increased their Pacific Rim investments, according to a survey published this week by Merrill Lynch & Co. and Gallup Organization.

"People are less pessimistic about the Pacific," said Trevor Greetham, global strategist at Merrill Lynch in London. "There has been quite a lot of buying there which has made investors more relaxed about equities in general."

Indeed, the survey found that bulls outnumbered bears in Thailand by 24 percent and in South Korea by 3 percent.

Thailand, where the so-called Asian flu began

following the burst of a real-estate bubble in July, has become the darling of many investors, thanks to its willingness to reform in ways that would have been unthinkable a year or two ago. Already, 56 Thai finance companies, or two-thirds of that troubled sector, have shut their doors to all but prospective foreign buyers. The baht's rise against the dollar in recent weeks has also sparked renewed confidence among investors.

South Korea has similarly convinced the world that it is serious about reform. Two of its largest commercial banks, SeoulBank and Korea First Bank, will soon be sold through international bids as part of the government's \$60 billion bailout by the International Monetary Fund. If no takers come forward, the banks could be closed. In early February, the government closed 10 merchant banks.

The announcement last week by Morgan Stan-

ley Capital International, that it would raise South Korea's weighting in its Emerging Markets Free Index also helped boost shares, analysts said.

Investor confidence has also been revived in Indonesia, but this is where the cautious investor will almost certainly want to stray from the herd. President Suharto and his allies are under increasing attack as the country's debts become apparent and massive unemployment looms. Mr. Suharto, who is 76, has led Indonesia for 32 years but is now facing calls to step down and protests in the streets.

In theory, some Asian countries should be ripe for the picking. By any standards, their assets are cheap and their currencies cheaper still. But catching a tiger by its tail is difficult at best.

"There are a lot of opportunities in Asia now, but the way that some investors are rushing in is just

Continued on Page 17

THE FUND PERFORMANCE FOCUS

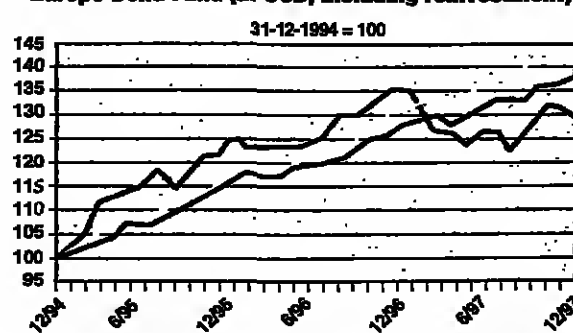
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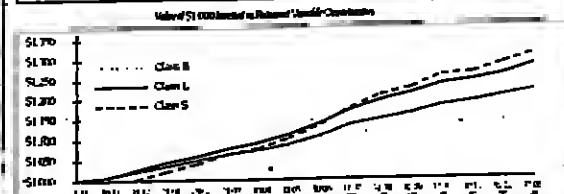
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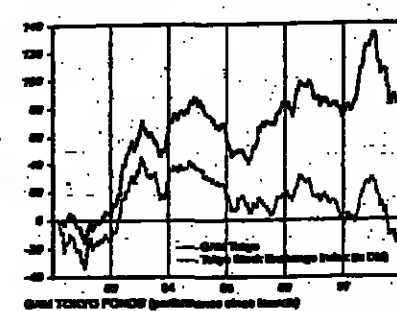
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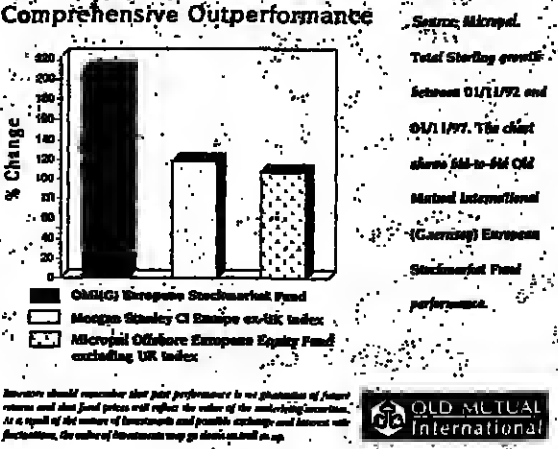
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THE MONEY REPORT

Q & A / Ean Wah Chin

Currencies and Politics
Keys to Asian Recoveries

EAN WAH CHIN is the chairman responsible for institutional investment in Asia, excluding Japan, for Morgan Stanley Dean Witter, Discover & Co.'s Morgan Stanley Asset Management. She spoke with Conrad de Aenle on the risks and potential rewards of Asian stock markets.



Ean Wah Chin of Morgan Stanley.

Q. Last summer, few market professionals were warning of the collapse to come. Now, with some markets having just traded at 10 cents on the dollar, compared with their peaks a few years ago, only a few brave souls are willing to step up and send in their money. What are they waiting for?

A. For the effects of the devastation in the stock and currency markets to work their way through the real economy. Massive layoffs and corporate bankruptcies and social and political upheavals lie ahead. The dislocation is too big to be rectified in the short term. The adjustment is likely to take a couple of years rather than months.

Q. Many advisers caution against stepping back into Asia before there are clear signs of an economic turnaround, but markets usually anticipate economic circumstances. What signals are you looking for to confirm that a bottom is in place?

A. Currency stabilization and smooth political transition in Thailand, the Philippines, Indonesia and maybe even Malaysia. Indonesia has got to crack sometime on the political side. If you look around the region, the most chance for upset is in Indonesia. Thailand, in effect, has already had the transition and is showing signs that the new administration is beginning to function. In Malaysia, everyone knows who is No. 2. The question is, when does the old man go and pass on the mantle?

Q. Which markets seem the safest in the region and which offer prospects for the best returns over the next year?

A. Singapore, Taiwan and Hong Kong seem the safest, and Thailand, Indonesia, Malaysia and the Philippines offer the best potential returns. We are not necessarily saying to invest in those markets, but when you see a real turn, you should invest in the most bombed-out markets. If you are bullish, you should invest in the markets with the most potential.

Q. Market sentiment is incredibly weak. It only took a couple of weeks for Korea watchers to throw up their hands and say that the multibillion International Monetary Fund bailout plan is not working. Are the IMF plans in Indonesia, Korea and Thai-

land working, and what will be their short- and long-term impact?

A. The short-term impact will be tremendous economic pain from the liquidity crunch. The long-term impact will be a sounder foundation for economic growth and a more transparent system.

Q. Will this crisis result in lasting reform where Asia needs it most, such as eliminating cronyism, excessive regulation and other forms of government economic engineering?

A. Largely, yes. The crisis has brought to the surface the economic price of cronyism and has provided the grounds to challenge it. The old structure is broken.

The crisis has highlighted the economic price of excessive regulation, but it has also engendered nationalistic and protectionist tendencies. The *chaebol* structure in Korea is in the process of being broken for good, but it does not lessen government desire to be more in control of their markets and economy. In effect, the economic devastation caused by the market turmoil has precipitated a call to regulate money flows and the financial markets. Have governments lost their zeal for regulation? No.

Q. Morgan Stanley's analysts say that one outcome of the crisis is that stock-picking will take precedence over country allocation. Why?

A. Stock-picking is going to be crucial in identifying the winners in this changing paradigm. Fundamental analysis is essential to quantify value and identify the survivors. Country allocation, however, is also key in ensuring that one is not overtaken by the changing macroeconomic circumstances in the economic and political upheavals.

Investors who are anxious to reenter the market cite the extremely low valuations. At its depths, Cathay Pacific sold for less than the value of its planes—that is, if you could find a buyer for them. Is that a sound basis on which to buy?

Absolute valuation is important, but the picture is not static; one has to be conversant with the changes taking place. Stock prices are market valuations for an ongoing business. The value of planes alone does not determine the ongoing value of Cathay Pacific.

With Stocks in the Stratosphere, Dividends Can Pay

DIVIDENDS GET no respect. For most companies today—and most investors as well—they are an afterthought. They should not be, even though U.S. law penalizes dividends by taxing companies on their profits and shareholders on the payouts.

The annual dividend on the average stock in the Standard & Poor's 500 index is now just 1.5 percent of the share's price. That compares with an average of 4.9 percent from 1871 to 1994, according to Jeremy Siegel's "Stocks for the Long Run." Even in the 1980s, the S&P yielded a minimum of 3.9 percent.

Today, many investors assume that a company that pays a decent dividend must have something wrong with it. Can't the management find something better to do with its money than sending shareholders a check?

High-tech companies, for example, pay either paltry dividends or none at all. Instead, they reinvest their profits in the business without causing double taxation.

Another recent trend is for companies to use their profits to buy up their own stock. By reducing the number of shares outstanding, they boost the value of the remaining shares—again, without being taxed a second time.

Still, I like stocks that pay dividends.

They provide ballast, steadiness in rough seas. You should use them to balance your growth stocks. Even if stock prices fall, good companies continue to pay dividends, reducing your losses or turning them into gains.

Also, remember that yield is a ratio: the annual payout divided by the stock price. So a high yield can often be a sign that a stock is undervalued. In

average annual return of 28.9 percent. The S&P has returned 31.3 percent over that period, but the fund has far lower risk—62 percent below average, according to the Morningstar Mutual Funds research service.

"I think this is an opportune time for this fund," says William Stromberg, who has been managing it for the past five years. "In general, stock valua-

Fund, with a return that's higher than the Price fund—33.1 percent over three years, or two points ahead of the S&P, although with more risk.

Its top holding, as of the last reporting period, was Schering-Plough Corp., the pharmaceutical company, which yields 1.0 percent but has been increasing its dividend at a 14 percent rate for the past five years. Other key stocks in the portfolio are General Electric Co., a classic dividend-growth, whose payout has risen from 35 cents to \$1.20 in the past 10 years, and Philip Morris Cos., whose dividends have been doubling every five years.

A recent Value Line survey pointed to seven solid stocks whose dividends have grown swiftly in the past five years and that are expected to keep increasing payouts by at least 10 percent annually for the next five. They are:

R.R. Donnelly & Sons Co., the printer; Imasco Corp., a consumer-products maker; Shell Canada Ltd., the energy company; and the banks First Tennessee National Corp., First Union Corp., Mercantile Bankshares Corp. and National City Corp.

Washington Post Service

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JAMES GLASSMAN ON INVESTING

addition, stocks that pay good dividends tend to fluctuate less in price than other stocks, and stocks that increase their dividends year after year can be golden.

Consider Hormel Foods Corp., which currently trades at \$36 and pays a dividend of 84 cents a year, for a yield of 2.3 percent. Back in 1991, Hormel's stock price was \$15 and its dividend was 30 cents. If you had bought 100 shares of Hormel back then, you would be earning \$84 annually on your original \$1,500 investment—for an annual return of 5.6 percent, along with your 140 percent unrealized capital gain.

Where do you find stocks that keep raising their payouts? One place is a mutual fund like T. Rowe Price Dividend Growth. Over the past three years, the fund has produced an av-

erage annual return of 28.9 percent. The S&P has returned 31.3 percent over that period, but the fund has far lower risk—62 percent below average, according to the Morningstar Mutual Funds research service.

"I think this is an opportune time for this fund," says William Stromberg, who has been managing it for the past five years. "In general, stock valua-

ations are high, and it's time to think about risk," I agree.

His charge is to buy stocks with yields of at least half the S&P average and to create a portfolio with a yield at least as high as the S&P. That's the first part. The second part is to find stocks whose dividends are likely to grow.

As of Dec. 31, his top holding was Federal National Mortgage Association, the mortgage maker, whose yield is a mere 1.5 percent but whose dividends have been growing at an average of 19 percent annually for the past five years, rising from 40 cents to 96 cents. Other leading stocks in his portfolio are Mobil Corp. (yielding 3.2 percent), SBC Communications, Inc. (1.2 percent), AlliedSignal, Inc. (1.4 percent) and Mellon Bank Corp. (2.1 percent).

Fidelity, too, has a Dividend Growth

For Love and Money: Advice for Investing Couples

By Ann Brocklehurst

FOR MARRIED couples who pool their money to invest together, there is nothing like a market meltdown to bring out the differences in their financial personalities.

With bull markets, marital conflicts over investment strategy, timing and comfort levels often get forgotten. But when markets fall suddenly, as they did in Asia last year, couples need to work much harder to achieve financial compatibility.

The situation is frequently aggravated by the fact that in many couples, there is one person who does most of the investing work while the other plays a more passive role.

"There is lots of room for disaster in this scenario," said Richard Vodra, a certified financial planner with Legacy Advisors in Vienna, Virginia.

"And when disaster strikes," she added, "what you get is one person saying to the other: 'That didn't work, you idiot. Now we're broke and it's your fault.'"

According to Mr. Vodra, financial planners can help couples avoid financial disasters by getting them to clarify their goals, a key step in the investment process that many people, both individuals and couples, tend to overlook.

Once this is done, said Peg Downey, a financial planner in Silver Spring, Maryland, it is relatively simple to come up with an investment strategy to

achieve the couple's aims.

"If it's a good strategy, no one decision should blow things up," Mr. Vodra added.

Kathleen Gurney, a psychologist and chief executive officer of Financial Psychology Corp. of Nevada, said that if one spouse was going to assume more responsibility for investing than the other, the couple should still set certain limits together.

She recommended that they agree on an asset-allocation plan and set parameters for maximum losses and gains.

"They also have to play out the consequences," she said. "They have to ask 'How are you going to feel if this investment does not work out?'"

While this kind of financial planning can keep couples from pointing the finger when their Hong Kong stock portfolio falls through the floor, it will not resolve fundamental differences in attitude towards money. The couple must still decide together whether to sell, hold or go bonam-fishing.

Ms. Gurney, who described herself as a more cautious investment personality than her husband, often takes longer to make such decisions than her husband would like.

"He is much more confident about making impulsive decisions," she said. "I would rather get a second and third opinion. My need to analyze everything drives him crazy."

As a form compensation, the couple has agreed that the husband will keep a portfolio of what they call entertainment stocks, which he trades free of con-

straints.

In many cases, marital financial quarrels are exacerbated by a lack of information. Ms. Downey said most people she sees do not have clear pictures of their financial situations.

In many cases, even those who know what they own have not done the necessary arithmetic to estimate how their assets will have grown by the time they would like to retire.

She cited the example of a couple at a stand-off over whether to sell some real estate in order to raise retirement funds.

"The wife was convinced they needed to sell, and the husband didn't want to," Ms. Downey said. "I showed them they could hang on to the real estate and still manage."

THE COUPLE then had to acknowledge that their disagreement was about whether to sell a particular piece of real estate, not about their entire financial future.

When Ms. Downey meets a couple who are having real difficulties, she will often refer them to Olivia Mellan, a Washington-based psychotherapist and the author of "Money Harmony: Resolving Money Conflicts in Your Life and Relationships."

According to Ms. Mellan, most money problems between couples are not about money but about what money represents, which is "some combination of love, power, dependency, freedom, control and self-worth."

Ms. Mellan said couples tended to

polarize over money styles, taking on adversarial roles such as spender and hoarder, dreamer and planner, and risk-taker and risk-avoider.

"Even in a couple where there are two spenders," she said, "when they get together, they'll create a super-spenders."

To help resolve the differences, Ms. Mellan gets the couples to figure out the roles they are playing and why. Once this is done, she says it is easier for them to discuss the hard facts of money life, such as current and projected earnings and expenditures.

If the couple decides to invest together, Ms. Mellan recommends merging some, but not all of their funds.

"I think couples overmerge too quickly," she said, "before they know each other's money personalities, secrets and quirks."

The financial planners and consultants surveyed for this article said that while married couples must decide for themselves to what extent they wish to invest together, it is unusual for couples to keep all their finances separate.

Mr. Vardo and Ms. Downey said that they always prefer to meet both members of a couple if possible.

Ms. Gurney said that if one spouse claimed to be completely uninterested in money matters, she always digs deeper to try to find out if it is really true.

For further information, call: OLIVIA MELLAN & ASSOCIATES, Telephone: 1 202 483 2668, ext. 4, e-mail: TM2@oliviaplanet.com; KATHLEEN GURNEY, Telephone: 1 702 833 9850; Web site: www.happychild.com

After Asia's Fall, Foreign Investors Are Back

Continued from Page 15

ridiculous," said Paul Dietrich at Meridian Emerging Markets in New York. "I certainly wouldn't want to be an index investor there because all the indexes are still overweight in property and banks—the most stocks to be invested in."

Mr. Dietrich identified two investment approaches to Asia: one short-term and the other long. The first: Buy with a three-month view those companies that have export contracts in the United States and Europe and are therefore paid in dollars but pay their suppliers and workers in what are now substantially devalued currencies.

"A lot of these are one- to three-year contracts," he said. "Better still, these companies face no competition because there is no investment capital coming

into the region."

He cited Yue Yuen Industrial (Holdings) Ltd., the Hong Kong-based company that manufactures Nike and Reebok sneakers, as a likely candidate.

But investing in Asia is often more difficult than it first appears, said Richard Muckart, manager of the Edinburgh Dragon Trust.

"Lots of events have not come to pass as investors would have expected," he said. "For example, the Indonesian palm-oil producer London Sumatra looked like such a good dollar play. But it had hedged its exposure. It had also looked like a great export play—until we found out that its offshore sales had been constrained by the Indonesian government."

Investors with no stomach for similar surprises or with a longer horizon should

consider Mr. Dietrich's other approach.

"Asia has more companies than the U.S. that are world-class in terms of size, huge returns on equity and long-term share growth," he said. "And they are selling at bargain basement rates."

Examples include the Hong Kong-based banking empire of HSBC Holdings PLC and the territory's Television Broadcasts Ltd., as well as the Malaysian newspaper publisher New Straits Times Press Bhd. and the Indonesian cigarette company PT Gudang Garam.

For further information: MORGAN STANLEY ASIA PACIFIC FUND Telephone: 65 439 6818; EDINBURGH DRAGON TRUST AND EDINBURGH NEW TIGER Telephone: 44 131 313 1000; fax: 44 131 313 6300; OPPENHEIMER ASIA TIGER FUND Telephone: 852 250 320 00

Risk, Returns and Humility in Peru

By Clifford Krauss

ONE NIGHT three years ago, as Donald W. Hoskins lay asleep in his small apartment in Lima, Peru, a powerful guerrilla car bomb exploded a block away.

"I found myself underneath my bed at 2 in the morning, thinking 'What am I doing in Peru?' and 'Maybe there is a reason why stocks here are so cheap,'" said Mr. Hoskins, the manager of U.S. Trust's Excelsior Latin America fund.

Mr. Hoskins knows well the kind of risk and turbulence with which emerging-market investors are learning to live.

"Investing in Latin America is clearly exciting," he said. "You go beyond the Ritz-Carlton world of business."

After taking over the fund in February, Mr. Hoskins tried in a sizzling return of 19 percent for the second and third quarters of 1997, compared with an average return of 25.3 percent for all Latin American funds, according to Morningstar Inc., the fund-tracker in Chicago. It was beginning to think this

was kind of easy," he said. Then, disaster. His big exposures to Venezuela and steel stocks, particularly Brazil's Gerdau Siderberg, sent Excelsior farther south than most competing funds during the sell-off in emerging markets late last year. Excelsior was down 14 percent for the fourth quarter, versus 12.1 percent for its peers. In January, it fell another 13.4 percent, versus 10.8 percent for the Latin group, although the fund has since rebounded.

"I learned humility," Mr. Hoskins said, chalking up his losses to falling oil prices, fears that South Korean steel would flood world markets, and Venezuela's failure to curb government bureaucracy.

With Gerdau Siderberg, at 3.7 percent of his portfolio, and other steel picks suddenly recovering, Mr. Hoskins said that Excelsior was on the rebound.

Still, he said, he wants investors to judge him over a two-year period, not week to week.

The cause of Excelsior's volatility—and, he said, the source of what will eventually be superior returns—is his concentrated stock-picking strategy. He has only 41 stocks in his portfolio, about one-third the number in most

Latin American funds.

"What we try to identify is those companies with the kind of strategic competitive advantages that are sustainable," he said. "What we look for is a company that has a price-to-cash flow that is lower than its long-term sustainable growth rate."

Such thinking has led Mr. Hoskins to take big positions in companies like Telebras, Brazil's telephone giant (12.3 percent of the portfolio), and Grupo Elektra, a Mexican appliance retailer (2.1 percent), which can benefit from urbanization and the expansion of the middle class. He shuns Chile as pricey, except for American depository receipts of the winery Concha & Toro (1.6 percent), because, as a wine collector, he concluded that Chilean wines have a vast price advantage over American and European rivals.

Mr. Hoskins says he picks stocks, not countries. But he is confident that Latin American governments will continue to push privatization, cut government waste, and work to keep their currencies stable.

"There is no alternative," he said. "Latin America has gone through every possible avenue with disastrous re-

sults: import substitution, military governments incurring huge inflation with irresponsible fiscal budgets, guerrilla warfare. Asian fall. This, too, shall pass."

But he said investors in Latin America should be prepared for volatility, even if bombs are not shattering the windows, and even if the region's markets have recovered nicely from the collapse of the Mexican peso in 1994 and 1995. Certainly, the Asian crises have made Latin America's markets and currencies look vulnerable again, especially with trade deficits swelling.

How bad can it get? Mr. Hoskins noted that the Bovespa index of Brazilian stocks has fallen 30 percent or more no less than six times since November 1987, in one swing plummeting 80 percent. Still, a dollar invested in the index in late 1987 would be worth \$15 today—nearly four times better than the same dollar invested in the stocks that make up Dow Jones industrial average.

New York Times Service

BRIEF CASE

After Asia, Is Crisis Brewing in Russia?

Has the furor over Asia's economic crisis deflected attention from another looming on another horizon? Late last month, Philip Poole, director of East European research at ING Barings Securities Ltd. in London, warned of a deterioration in foreign investor confidence in Russia's economy and its financial markets and fears of an accelerated ruble depreciation.

Mr. Poole cited an "unpleasant cocktail" of events that have changed what only last year was a far more positive landscape. Among the most important issues: Prices of oil and commodities, Russia's major exports, are falling, while imports are growing. This has caused Mr. Poole to downgrade his forecast for the country's current account to a \$5 billion deficit for 1998, compared with a surplus of an estimated \$3 billion for 1997.

Another concern, he said, is that high interest rates, engineered to protect the ruble's value, are putting pressure on the government and on financial markets, discouraging foreign investors.

But Mr. Poole said that since he sounded his warning signals, more "encouraging noises" had been coming out of Russia. For example, President Boris Yeltsin has indicated that he recognized the need to cut budget expenditures to compensate for higher interest rates. He also said that alleged violations of foreign-shareholder rights would be investigated.

"As a result, they've started to see more interest from foreign investors in the domestic debt market," Mr. Poole said.

A New Option For Fund Investors

Chicago's futures and options exchanges roll out an array of new indexes each year, some that find success, and others that sink into obscurity.

Among the latest entrants are two instruments that marry the relatively staid world of mutual funds with riskier derivatives.

Introduced by Lipper Analytical Services, the fund-performance tracker, and Salomon Smith Barney, the securities house, the derivatives are based on Lipper's Growth Index and its Growth & Income Index, each covering the 30 largest mutual funds in their categories.

The idea behind the options is that fund shareholders who have seen their holdings fattened by the bull market of the past few years can use them as an inexpensive way of protecting their stakes during market volatility.

The key is that you didn't

sell your fund and incur taxes," said Ken Farrar, managing director of global equity derivative sales at Salomon Smith Barney.

For example, if you own funds valued at \$40,000, and you are concerned that the stock market might fall over the next several weeks, as of last Friday, you could have purchased two put options on the growth index at \$600 apiece. At the notional value of \$20,000 each, they would protect your portfolio until the third Friday in April, when they would expire.

Should the market fall in that period, the value of the options would rise, offsetting what you lost in your growth-fund holdings.

So far, most of the activity in the new options appears to have come from institutions. Mr. Farrar said. Nevertheless, with more education, he expects individual investors to take advantage of them.

The symbols for the options, which are traded on the Chicago Board Options Ex-

change, are LGO for the Growth Fund Index, and LIO for the Growth & Income Fund Index. (IHT)

London Exchange Adopts the Euro

The London Stock Exchange plans to enable investors to trade in the European single currency next year, even though Britain will not initially join the monetary union.

The exchange said it would create a parallel order book of its most traded stocks that will enable investors to trade in either the pound or in the new currency, the euro, as the monetary union takes effect on Jan. 1.

"Feedback from the market reveals that, while initially most demand for trading will be in sterling, over time there will be increasing demand for trading in euros," the exchange said. It added that 106 of the 300 biggest European companies are based in Britain. (Bloomberg)

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WINTER OLYMPICS

Swedish Hockey Team Beats U.S.

But the 4-2 Opening Round Victory Means Little in Olympic Scenario

By Joe Lapointe
New York Times Service

NAGANO, Japan — With the game decided and the final seconds ticking off the clock Friday afternoon in Big Hat arena, defenseman Chris Chelios of the United States was covering forward Daniel Alfredsson of Sweden. Alfredsson already had two goals in the game, which ended in a 4-2 victory for Sweden in the first game of the Olympic hockey tournament for both teams.

So when the Americans pulled goaltender Mike Richter for an extra attacker and Alfredsson played the puck in Sweden's end of the ice, Chelios skated up to him and hit him with a hard elbow to the head.

This earned the American team's captain a meaningless two-minute penalty at the final buzzer and a meaningful look from Alfredsson.

Was the gratuitous shot a Valentine's Day greeting to intimidate Alfredsson, to give him something to think about should the two teams meet again in the final round of the tournament?

"No," said Chelios. He explained that he was merely trying to prevent Alfredsson from scoring another goal with a 60-meter backhanded shot into the empty net.

"If there's a time to take a penalty," Chelios said, "that's it."

And if there is a good time for any team to take a defeat, this was it, because the three games each team plays in this round will determine only the seeding when they go into the quarterfinals. All eight will advance, no matter what. After that, it's a one-game knockout.

The Americans play Belarus on Saturday and Canada on Monday to complete this round.

Keith Tkachuk, an American forward, dismissed the opening defeat by saying: "It doesn't matter. We'll be there when it counts. We'll be there at the end."

This opinion was seconded, some-

what, by Tommy Salo, the New York Islanders' goalie who stopped 29 shots for Sweden and opposed Mike Richter of the New York Rangers at the other end of the ice.

"We can't be happier to beat the favorites," he said of the United States team. "They are still the favorites."

If that is so, Sweden must be considered among the top contenders. They are a poised group, experienced on the wider international ice surface, playing for a country that won the last Olympic gold, in 1994, with some of the same players.

Best among them is Petr Forsberg, who set up both of Alfredsson's goals and played in a rambunctious style throughout the game. He threw a thundering check that knocked over two players — Tony Amonte of the U.S. team and Alfredsson of Sweden, who went down like bowling pins.

With the puck on his stick, Forsberg was brilliant. On Alfredsson's first goal, which tied the game 1-1 on a power play at 12:26 of the first period, Alfredsson fired from a sharp angle after he and Forsberg worked a nifty exchange of passes.

Alfredsson got his second of the game at 11:33 of the second period, the one that proved the game-winner. He scored a backhanded push from close range after a feed from Forsberg, a center for the Colorado Avalanche.

All the American defensemen had a difficult time containing Forsberg's combination of strength, skill and desire. Forsberg's father, Kent Forsberg, is Sweden's coach. But this is hardly a case of nepotism. It can be argued that Forsberg is the best hockey player in the world.

Devian Hatcher of the Dallas Stars, the American defenseman who was paired with Brian Leach of the New York Rangers, called Forsberg "hard to handle." Hatcher and Leach were on the ice but Forsberg was not when Sweden scored a pivotal goal, the one

that tied the game at 2-2 early in the second period and moved the momentum to Sweden's side.

The U.S. coach, Roo Wilson, and several players named no names but made general references to being caught out of position and trying too hard for goals.

"We lost too much energy trying to make it 3-1," Wilson said. "We were maybe too aggressive. We got caught pinching. We lost our patience. You've got to be poised and you can't be out of control."

Many flags of both the United States and Sweden were waved in the capacity crowd of about 10,000.

Chelios and Mike Modano scored for the United States. Several American players discussed Sweden's neutral zone trap and how the Swedes were able to counterattack quickly.

"We were out of sync," Hatcher said. "We are a fast team, and we weren't able to go anywhere with speed. All game, it was happening that we were going the wrong way and the puck was going the other way."

Although Wilson and his team are not dismissing this round as mere exhibitions, they seem sanguine about defeat. Leach said: "We're lucky in this format. You can get things straightened out. You can afford to lose a game."

Paul Kariya of Canada will miss the Olympics because he is still suffering the after effects of a concussion. He will be replaced by Mark Recchi of the Montreal Canadiens.

On Thursday, the Canadian team's general manager, Bob Clarke, intensified his verbal attack on defenseman Gary Suter, who injured Kariya with a cross-check on Feb. 1 in a National Hockey League game between the Anaheim Ducks and the Chicago Blackhawks.

Clarke implied Thursday that Suter of the Blackhawks picked on a small player known for sportsmanship instead of a big player known for toughness.



Jarmo Nuijima of Finland flattening referee Kerry Fraser and Czech Martin Prochazka, watched by Jere Lehtinen.

Canada and Russia Rout Opponents

By Joe Lapointe
New York Times Service

NAGANO, Japan — After Canada's methodical 5-0 victory Friday night over Belarus, Theo Fleury conceded that "it was nice, maybe, to have a little bit weaker team to start off."

And Fleury did his part getting the game off to a good start for Canada by scoring the first goal while short-handed in the first period.

Eric Lindros, Canada's captain, scored twice and Patrick Roy, the goaltender, was rarely tested.

Marc Crawford, the Canadian coach, said, looking ahead to the second game, on Saturday, "Maybe we will be dealing with a higher caliber of offensive threats, consistently through the lineup." The opponent will be Sweden, which beat the United States, 4-2, on the first day of competition for the Big Six

teams whose rosters are filled with National Hockey League stars.

Wayne Gretzky of the Rangers, playing in his first Olympic game at the age

Ice Hockey

of 37, had no goals or assists. But Crawford praised the example Gretzky set for his teammates by attending to his defensive assignments.

In other games, Russia beat Kazakhstan, 9-2, and the Czech Republic beat Finland, 3-0. Belarus and Kazakhstan qualified for this round by winning their brackets in the preliminary round.

In the other game Saturday, the United States plays Belarus.

On Sunday, Russia plays Finland and the Czech Republic plays Kazakhstan.

In this round, the eight teams are divided into two groups of four. Each team plays the other three members of

its group once. All eight teams move on to the quarterfinals, on Feb. 18.

Russia was sparked by Sergei Fedorov, who was making his first appearance in competition since leading the champion Detroit Red Wings in scoring in the Stanley Cup playoffs last season. Fedorov scored 90 seconds into the game and added an assist later.

Fedorov is a restricted free agent without an NHL contract.

Russia's Pavel Bure sat out the final period with a bruised calf but said he would be back to play Finland on Sunday.

"I definitely will play," Bure said.

In the game between Finland and the Czech Republic, goaltender Dominik Hasek got the shutout. An NHL goalie for the Buffalo Sabres, Hasek is tied for the league lead with seven.

Robert Reichel of the New York Islanders scored one of the Czechs' goals.

Better Late Than Live:
CBS Delays Street's GoldBy Leonard Shapiro
Washington Post Service

WASHINGTON — When the American skier Picabo Street streaked down the mountainside in Hakuba, Japan, to take an early lead in the super-giant slalom race, the U.S. television network CBS was showing its viewers pairs figure skating, taped the previous night.

It was Wednesday morning in Nagano, but it was a prime-time Tuesday evening in the United States. CBS, which owns the U.S. television rights to the Nagano Games, never broke into the broadcast with news of Street's performance.

When Street stood on the podium in Japan, it was just before midnight on the East Coast. On U.S. television, the pairs skated on.

CBS held its ski coverage for nearly 24 hours, airing a tape during the last hour of Wednesday's prime-time telecast.

Street finally flashed across U.S. screens 23 hours and 17 minutes after he had skied in Japan. Only the result was given on the CBS late show, which began Wednesday at 1 A.M.

CBS delayed showing the race to

deprive other U.S. broadcasters of pictures. Rick Gentile, CBS's lead Olympic producer, was responsible for the decision.

"If we put the tape on at 2 A.M., everyone can run it the next day," he said, meaning that the network's exclusive rights would have expired and other networks would have been free to air Street's victory.

CBS, which paid a record \$375 million for the rights to cover the Olympic Games in Nagano and will spend more than \$100 million in production costs to get them on the air, is not giving up its golden moments so easily.

"It was a very big event," Gentile said, "and certainly more people will watch it in prime time. They may know the result, most people probably did. But they haven't seen the race, and they won't see it anywhere but here."

One week after the start of the Olympics, ratings are down. CBS is averaging a 16.4 prime-time rating, 33 percent lower than for the Games in Lillehammer, Norway, in 1994 and 14 percent off from Albertville, France, in 1992. CBS also aired those Winter Games.



Bjarte Engen Vik of Norway taking a giant leap Friday to lead the ski jumping half of the Nordic combined, ahead of Valeri Stolyarov of Russia.

Norwegian Takes Lead
With Spectacular Jump

The Associated Press

HAKUBA, Japan — The Ogiwara twins were competing on their home ski jump, with the local crowd to cheer them on. And once again, a Scandinavian stole the show.

Bjarte Engen Vik of Norway uncorked a monster jump Friday to take

NORDIC COMBINED

the lead at the halfway point of the Nordic combined.

"The result is better than I hoped for in dreams," Vik said. "I knew I could do well in the jumps, but to win the jumping here is very good."

Kenji Ogiwara, the world champion, and his twin brother, Tsuguharu, are big stars in Japan. They live in Nagano, the Olympic host city, and 35,000 people turned up Friday to see the ski jumping portion of the two-day event on the K90 hill.

In the Nordic combined, which originated in Norway, athletes take part in a ski jumping competition and then a 15-kilometer cross-country skiing race. The cross-country portion will take place Saturday on the Snow Harp circuit here.

What the spectators saw Friday was a 94.5-meter (310-foot) jump by Vik in the second series — a leap that exceeded by three meters the longest jump in the individual competition off the same hill Wednesday.

Vik, the World Cup leader this season, leaped 89.5 meters in the first series and collected a total of 241 points.

Valeri Stolyarov of Russia led after the first jump of 92.5, with Vik trailing behind. But the Russian only landed a 89.5-meter jump in his second attempt for a point total of 235, which means he will start the 15-kilometer cross-country race Saturday 36 seconds behind Vik.

The Japanese skiers got the crowd roaring at the end of the second heat as they started producing long jumps: Kenji Ogiwara hit 90 meters. Junichi Kogawa flew to 91. Tsuguharu Ogiwara then soared to 91.5.

But they all paled compared to Vik. Tsuguharu Ogiwara finished third at 222.5 points and will start the race 51 seconds behind the Norwegian. Kogawa was fourth and Kenji Ogiwara was ninth, 1:30 behind Vik.

DENNIS THE MENACE



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TUESDAY, FEB. 15
WEDNESDAY, FEB. 16
THURSDAY, FEB. 17
FRIDAY, FEB. 18
SATURDAY, FEB. 19
SUNDAY, FEB. 20

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Answer: What the participants considered the other boys — CLEVERLY, HELP

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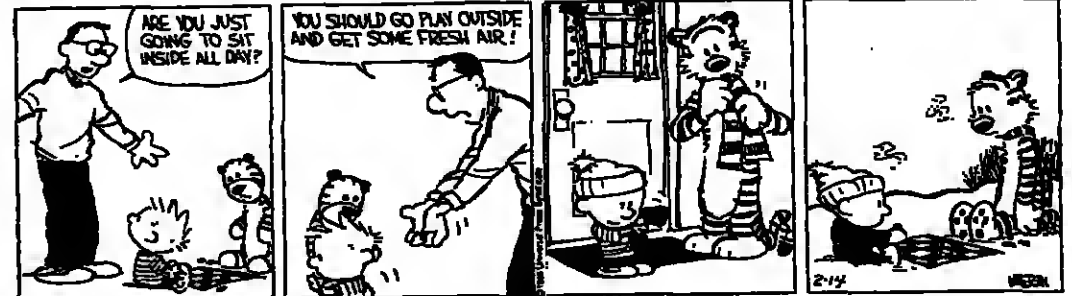
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OLYMPIC ROUNDUP

Swedes Slip Twice

CURLING Peter Lindholm, the world champion from Sweden, lost twice on Friday and was eliminated from medal contention.

First, Lindholm's rink lost its final match of the round robin competition, 8-2, to Switzerland, skipped by Patrick Huerlimann. The Swedes then had to play the United States in a playoff and lost, 5-2.

The American rink, skipped by Tim Somerville, whose father was twice world champion, will play Makoto Tsuruga of Japan on Saturday. The winner faces Canada, skipped by Mike Harris, in the last four. Huerlimann will meet the Norwegian Eigil Ramsfjell, a three-time world champion, in the other semifinal.

In the women's competition, Helena Blach Lavrsen of Denmark beat Norway, 8-3, on Friday and will meet the Swedish skip Elisabet Gustafson in the semifinal. Sandra Schmirler of Canada, who finished the round robin in top spot, will play Kirsty Hay's British rink in the other semifinal. (AFP)

Fleming Has Surgery

Thirty years to the day after she won an Olympic gold medal, the figure skater Peggy Fleming underwent surgery for breast cancer.

Fleming, diagnosed about two weeks ago, has an excellent chance for a full recovery because the cancer did not appear to have spread, her spokeswoman said. The surgery was performed Tuesday at a hospital near Fleming's home in Los Gatos, southwest of San Jose, California. (AP)

Canadian Leads Sprint

SPEED SKATING Catriona Le May-Doan of Canada recorded the fastest time in the first round of the 500-meter competition on Friday.

Though Le May-Doan did not come close to breaking her own world record, the only woman ever to beat 38 seconds was better than anyone else here. She led the field with an Olympic record 38.39 and will try to wrap up the gold medal Saturday when the second 500 is held, the winner determined by the best aggregate time.

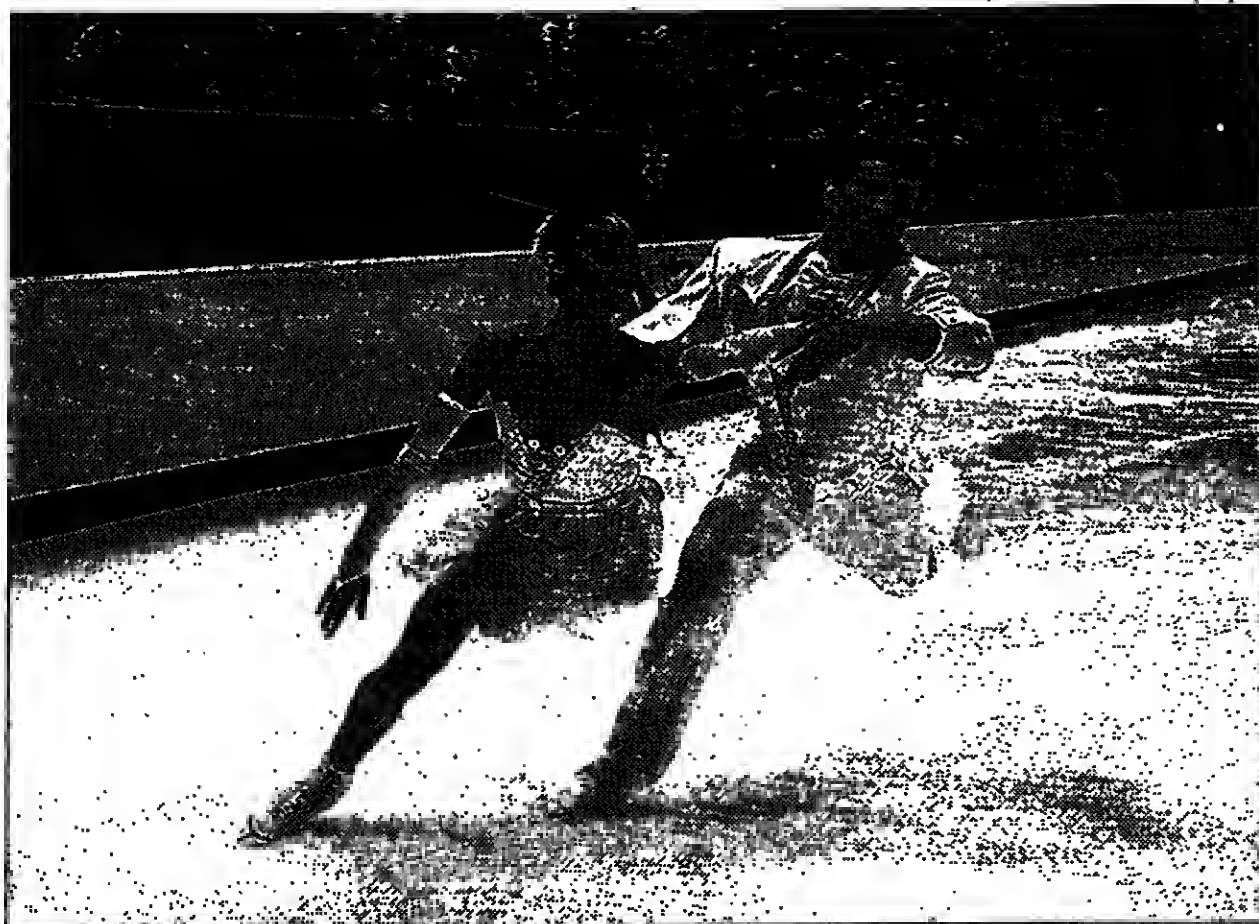
"Some of the other girls skated great races," said Derrick Auch, a Canadian coach. "But Catriona is in first place. That's where she's supposed to be."

Susan Auch, Derrick's sister, was second after the first day at 38.42.

Japanese skaters, cheered on by the crowd, captured the next two spots, with Tomomi Okazaki in third at 38.55 and Kyoko Shimazaki fourth at 38.75. (AP)



Catriona LeMay-Doan of Canada on her way to a record.



Anjelika Krylova and Oleg Ovsyannikov of Russia during the compulsory routines Friday in ice dancing.

Ice Dancing Waltzes Into Conflict

Canadians' Coach Scents a European Conspiracy in the Judging

By Jere Longman
New York Times Service

NAGANO, Japan — The compulsory dances had barely ended Friday night at the Olympics when the controversy became as steamy as the Argentine tango.

The Canadian champions found themselves tied for fourth place after the waltz and tango, and saw a judging conspiracy in the outcome. The Canadian coach said that the Russian and French judges had colluded to rig the voting in favor of their skaters. It was yet another charge of political intrigue in an event that has lost its credibility as a sport.

"They had a lot of time at Europeans to discuss plans what to do here," said Natalia Dubova, a Russian who coaches the Canadian champions Shae-Lynne Bourne and Victor Kraatz, referring to the Russian and French judges. "They are worried about the gold medal."

Soviet and Russian skaters have dominated ice dancing since it became an Olympic sport in 1976. Friday night was no different.

The defending champions, Pasha Grishuk and Yevgeni Platov of Russia, finished first, Anjelika Krylova and Oleg Ovsyannikov of Russia finished second and Marina Anissina and Gwédaud Peizerat of France finished third.

No one of the top three couples wanted to discuss Dubova's charges.

Dubova formerly coached Grishuk and Platov but the relationship soured in 1992 after Grishuk had a much-publicized affair with another of Dubova's skaters.

"We are out of political words," Platov said. "We are here to skate."

Grishuk made a small slip in the waltz routine on a step maneuver called a twizzle. Afterward, she said that while a second gold medal was her immediate goal, she had her eyes on Hollywood in the future.

"In the next four years, I want to win an Oscar," Grishuk said.

She has said that she turned down a



Pasha Grishuk and Yevgeni Platov of Russia performing on Friday.

chance to play a role in a movie with Robert DeNiro to compete again at the Olympics. She was to play a figure skater who is the girlfriend of a Russian mobster and who is shot to death on the ice, she said.

In her absence, Grishuk said, her part has gone to Katarina Witt, a two-time Olympic champion. Grishuk did not appear to believe that Witt would do the role justice.

"I am always on the phone with John Frankheimer, the director," Grishuk asserted. "He told me he is not ecstatic."

She loves action movies, of course,

Austrian Surprises Field in Combined

Reiter, Who Barely Made Team, Beats Kjus

HAKUBA, Japan — Mario Reiter of Austria won the men's combined event Friday and, by taking the silver medal, Lasse Kjus of Norway became the first skier in Olympic Alpine history to win two medals on the same day.

Reiter, who held a lead of 1.81 seconds over Kjus after the two slalom

runs in the combined event, lost much of that margin by having just the fifth-fastest time in the combined downhill — but he managed to hold on for the title.

Reiter's aggregate time for the three runs was 3 minutes 08.06 seconds. Kjus, second in the downhill earlier Friday and winner of the combined event at the 1994 Games, was second in 3:08.65.

Christian Mayer of Austria won the bronze medal in 3:10.11.

Reiter, who has been sidelined for much of the World Cup season by a severe groin strain, kicked off his skis and threw them into the air after he crossed the finish line.

"I had no tactics. I just went for it," Reiter said. "I was always sure to win, but I had to push very hard in the downhill, which is not my specialty."

Kjus won his two medals about 3 1/2 hours apart.

The rare doubleheader was forced by weather that has jumbled the Alpine schedule.

The start of the combined downhill was pushed back 45 minutes because the downhill was delayed by wind and injuries Friday morning.

Conditions were nearly perfect for the combined downhill, though, with sunshine and a cloudless sky. There was hardly any wind, in sharp contrast to the gusts that tormented the downhill hours earlier.

Hermann Maier of Austria who has dominated the World Cup circuit this season, dropped out of the combined event after he was injured in a spectacular crash at high speed in the downhill.

He was in seventh place after the two slalom runs in the combined event and would have been a medal contender.

Kjetil Andre Aasmund of Norway, silver medalist in the combined event at the 1994 Games, was in fifth place following the slalom portion, but crashed off the course near the bottom of the combined downhill.

Reiter made the Austrian team at the last moment.

"I was told I would not be going to Japan. I had a terrible night," he said after he gave his country its first gold medal of the Games.

The day after he was told that he was not going, he had a surprise. "I got another telephone call and I was told that I would be going to Japan for the combined only."

Until Friday, Reiter had not won a race this season.

The Gold Medal Moment Of the Nagano Games

By Michael Wilbon
Washington Post Service

NAGANO, Japan — The Tough Man contest is over. Forever. The winner is Hermann Maier. In the single most incredible thing to happen in this or any other Olympic Games, Hermann Maier lived.

Now I know why they call him Das Monster. And The Herminator. Legend has it that before he became the best

skier in the world, Maier was a bricklayer in Austria. I'd submit that Maier is tougher than any brick he ever laid.

All the evidence ever needed is the videotape of Maier flying, then crashing, then flipping, then tumbling down that mountain in Hakuba at speeds of more than 70 miles an hour on Friday, then rising to walk away from the scene, simply rubbing his shoulder as if he'd done was slept funny on the pillow.

Maier's fall, or whatever you want to call it, was the most spectacular human crash ever seen. Not the "worst" crash, mind you; people have died in Alpine competition. But the Maier crash seems to have unanimously won for most spectacular. To crash any worse, you would have to fall out of a plane and have your parachute not open.

To recap: The wind was howling so hard that workers had to reduce the height of the first jump; one of the runners (the skiing version of a food-taster) had almost flown off the mountain minutes earlier. But early in his run, Maier lost control in the gusting wind and just lifted off like the Flying Nun.

And he kept going, 75, maybe 100 yards, like a man being shot out of cannon at one of those State Fairs in the 1930s. The Wright Brothers didn't fly as far as Kitty Hawk as Maier up on that mountain.

By the way, did I mention that he landed on his head? At 70 mph. Then he bounced. Then he flipped. Four times, head over heels. Four complete revolutions. (Let's see: Elvis Stojko complete that quad!) Then he crashed through two fences and over a third before coming to a complete stop face down in the snow.

Before going any further, I'll admit I thought at that precise moment: "I'm watching a man die."

But all of a sudden, shaken not stirred, Das Monster pushed himself up like Jason in those "Friday the 13th" movies and walked back up the hill!

Look, if he had died it would have been one thing. We would all be walking around in hushed tones. But the guy was ready to ski again, less than 24 hours later. Hey, don't tell me about motor racing crashes. This guy didn't have a racing car around him; all he had were his skivvies and a layer of Spandex.

In our little office in Nagano, we were sitting in front of the TV 12 hours after the crash screaming, "Show it again!!!" having already seen it 25 times.

I'm sorry, but that's my gold medal moment for these Games, and nothing can replace it.

Continued from Page 1

Another racer, Luca Cattaneo of Italy, flew off the course on the same turn that felled Maier. He was airlifted from the course and taken to a hospital by helicopter. In all, 15 skiers did not finish the course.

Tommy Moe, the 1994 champion from the United States, finished 12th. "I had fun defending my gold medal," Moe said. "But now Reiter is the man and good for him. I'd rather have a Frenchman win than an Austrian any day."

In his 13-year career with the French team, Cretier, 31, had never won a race in any discipline. His best finishes were two second places in World Cup races this season and one second in 1994.

Cretier skied cautiously through the turn that tripped up Maier and Cattaneo and gave other racers trouble. Cretier entered the turn nearly standing up, rather than with his body low, trying to make a sharper cut.

"I was lucky to get through," said Cretier, who added that the course was changed from the practice runs at that bend and that skiers had to improvise while hurtling down the mountain.

Cretier said he hoped that Maier did not suffer any injury, but that "this is part of the downhill race."

Andreas Schifferer of Austria, the leader of the World Cup standings in the downhill, skied a poor race and finished seventh.

"The people of Austria will be disappointed," said Karl Schranz, who in 1970 was the last Austrian skier to win the overall World Cup title.

problem that was solved with shovels. To reduce the danger of the gusts, ski officials hastily scraped snow off the top of the jump to lower its altitude.

Many skiers seem to respect Cretier for the long, arduous road he has taken to his Olympic achievement. The U.S. skiers, in contrast, talk disdainfully about the powerful Austrians, who have earned a reputation for complaining.

Kyle Rasmussen, the American skier who finished ninth, noted that Cretier had been skiing well all year, especially in the last month.

"It was just a matter of time before he won a race," Rasmussen said. "There was a lot of pressure on the Austrians; a lot of people expected them to win."

In December 1995, Cretier fractured his left ankle while playing volleyball in Val d'Isere, France. He underwent surgery the following spring, and it was not until this fall that he began skiing at a top level again.

"He's been on the verge all year," said A. J. Kitt, an American skier who did not finish. "It's good to see that the old guys still have it."

Maier was the fourth to race. He lost control in the early turn and sailed off the course with his skis spread wide. He landed on his side and flew through the protective fences, somersaulting several times. Remarkably, moments after rolling to a halt well off the course, he got up and walked away.

Maier took a huge lead in the World Cup overall standings this year with a style that some consider reckless.

"He's been doing that all year and getting away with it," Rasmussen said. "It was just a matter of time before something like that happened."

Schranz, the Austrian coach, said, "Everybody had a problem up there except Cretier. He didn't take the risks and he won. That's very smart."

Cretier crashed on this course last week during the second training run. Apparently, he learned something from his fall.

The Swoosh Makes Its Presence Felt

By Kevin Sullivan
Washington Post Service

NAGANO, Japan — It looks like a 1950s car dealership, a squat white building with "Car Town" in old-fashioned blue script over the frosted glass doors. The only hint that this is Nike headquarters at the Winter Olympics is one tiny red emblem on the door: a Nike swoosh.

The exterior stealth is designed to keep the masses away from the athletes who are trying to relax with a cup of latte and a few video games in just about the only Swoosh-Free Zone at the Olympics.

Nike, the U.S. sports apparel manufacturer, has been a looming presence at every Summer Olympics for a decade, and now that it has dived into hockey and skiing in a big way, this is its first big push at a Winter Games.

Its presence in Nagano is a show of clever gimmicks, high visibility and corporate muscle, its gear visible at virtually every competition site and on every television picture at the Games.

Almost a quarter of the athletes at the Olympics — 600 out of some 2,600 — are competing in Nike gear. Every hockey player here, men and women, including all the big National Hockey League stars, will be wearing Nike uniforms (except the Canadians, who will be wearing uniforms by Bauer, a Nike subsidiary).

Wayne Gretzky, who plays for Canada, will wear Nike skates; Picabo Street, the U.S. Alpine skier, is com-

peting in Nike gear, as are snowboarders and skiers and skaters from countries all over the world.

Nike has also outfitted the staff of CBS, the U.S. television network. The 1,800 CBS employees have become the most easily recognizable people in town, wearing their black and orange Nike "All Conditions Gear" jackets with prominent swooshes.

But Nike is not an official Olympic sponsor, so it is not authorized to use Olympic logos. The breast patch on the CBS gear says "CBS, Winter Games 1998," with a Nike logo in the shape of mountains. Nowhere does it mention the words "Nagano" or "Olympics," and it does not include the five-ringed Olympic logo, which is reserved for official sponsors.

CBS News has banned its reporters in Nagano from wearing the Nike logo on the air. But CBS Sports is allowing its staff to continue wearing the swoosh, as long as they wear only one clothing item with a swoosh on camera.

"This is sports television in the '90s; it's just part of the process these days," said Dana McClintock, a CBS spokeswoman, who noted that Columbia Sportsweek had the same contract with CBS during the 1994 Winter Games in Lillehammer and onbody complained.

Nike is sponsoring two Kenyan cross-country skiers, Philip Boit and Henry Biok, Kenyan distance runners who agreed to Nike's suggestion that they give Nordic skiing a try. Biok did not qualify for the competition, but Boit raced Thursday in the 10-kilometer clas-

sical cross-country race, finishing dead last. The company has invested heavily in the two athletes in the last two years, sending them from balmy Kenya to frigid Finland for training, designing uniforms in the colors of the Kenyan flag and trotting them out for the media this week at Car Town.

There is no doubt that the two Kenyans are remarkable athletes who have become respectable skiers just two years after the first time they ever saw snow. Boit's courageous finish earned the admiration of Norway's Bjorn Dahlie, perhaps the greatest cross-country skier in history, who greeted him at the finish line despite having won the gold medal 20 minutes earlier. But they are also a brilliant business coup for Nike, which has created a TV-perfect Olympic story.

Martha Benson, a Nike spokeswoman, said Nike was merely interested in opening new opportunities for athletes everywhere.

"There is definitely a marketing benefit," she said. "But that's not what this is about. Nike firmly believes that sports should have no boundaries."

In the 1996 Summer Games in Atlanta, Nike and other companies were accused by competitors of using the Games and athletes with Nike endorsements to promote their goods, even though they were not official Olympic sponsors.

Michael Payne, marketing director for the International Olympic Committee, said such criticism was unfair. He said that Nike might not be giving its millions to the Olympic organizing committee,

OLYMPIC SCHEDULE	
SATURDAY, FEB. 14	
ALPINE SKIING, Hakuba — Men: Super G, 8:45 a.m.; Women: Downhill, 10:15 a.m.	
BOBBLING, Igurum — Two-Man, 3 p.m.	
CURLING, Karuizawa — Men and Women: 1st Men, 9 a.m.; 1st Women, 9 a.m.	
FIGURE SKATING, Nagano — Men: Free Skates, 7 p.m.	
ICE HOCKEY, Nagano — Men: Belarus vs. United States, 8:45 p.m.; Sweden vs. Canada, 6:45 p.m.	
WRESTLING, Karuizawa — Men and Women: Greco-Roman, 9 a.m.; Women: Greco-Roman, 1 p.m.	
WRESTLING, Nagano — Original Dances, 7 p.m.	
WRESTLING, Nagano — Men: Russia vs. Finland, 1:45 p.m.; Czech Republic vs. Kazakhstan, 6:45 p.m.	
WRESTLING, Nagano — Men: 100 meters, 3:30 p.m.; 200 meters, 4:30 p.m.	
SUNDAY, FEB. 15	
ALPINE SKIING, Hakuba — Women: Combined (Downhill, 10:15 a.m.)	
BOBBLING, Igurum — Women: 2-Man, 3 p.m.	
CURLING, Karuizawa — Men and Women: Bronze medal, 9 a.m.; Women: Gold medal, 1 p.m.; Men: Gold medal, 3 p.m.	
FIGURE SKATING, Nagano — Original Dances, 7 p.m.	
ICE HOCKEY, Nagano — Men: Russia vs. Finland, 1:45 p.m.; Czech Republic vs. Kazakhstan, 6:45 p.m.	
WRESTLING, Nagano — Men: 100 meters, 3:30 p.m.	
WRESTLING, Nagano — Men: 200 meters, 4:30 p.m.	
All Times Local	

but that it was supporting athletes and helping keep the Olympics healthy. "We need the teams and athletes as much as we need the stadiums," he said.

Mizuno, a Japanese sporting goods manufacturer, is the official athletic wear supplier of the Nagano Games, which allows it exclusive use of the Olympic logo and the words Nagano and Olympics on sporting clothes and goods.

Mizuno paid about \$16 million for the privilege of providing uniforms for more than 26,000 Nagano Olympics staff members, as well as uniforms and equipment for athletes from 12 countries, including U.S. speed skaters.

Mizuno officials are watching Nike carefully, but so far they say they're happy with the company's approach.

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OLYMPIC SCORES

WRESTLING

CURLING

DAVE BARRY

A Cold Beer Guide To Good Manners

MIAMI — Recently, I took part in a High Tea, which is a ritualistic British type of light meal involving a large quantity of etiquette.

Generally, I do not get involved with any level of tea, even Low Tea. Generally, when I am in the market for an afternoon beverage ritual, the one I select is Cold Beer. But in this case I had High Tea because I was invited by famous etiquette expert Marjabelle Young Stewart, who is on a lifelong crusade to get Americans to use good table manners and for God's sake take off their baseball caps indoors.

She had come to Miami to promote her book, "The New Etiquette," which is for sale.

I got to know Marjabelle in 1989, when she released her annual survey listing the Top Ten Most-Polite Cities, and the No. 3 city was — get ready — New York. This surprised me, because I have lived in New York, and I know for a fact that during rush hour you cannot get into a subway car without the aid of a machete. So I called up Marjabelle to ask her, politely, if she was out of her mind. But she turned out to be a perfectly sane, relentlessly cheerful lady, who believes in saying nice things about everybody, including New Yorkers, and who believes that the most important thing in the world is good manners.

I met Marjabelle for High Tea at a restaurant in the Marriott Hotel in downtown Miami. When I arrived, Marjabelle was husily instructing the staff on how to set up the table. The key ingredient turns out to be doilies. I estimate that there were 300 doilies of various sizes deployed on the table, underneath a vast array of teapots, little plates, cups, saucers and spoons. For all I know, Marjabelle was also sitting on a doily, although of course I was too polite to ask.

Marjabelle introduced me to her friend, Dorel Eatoo, and we chatted about Miami. Marjabelle said Miami had come "pretty close" to making her 1998 most-polite-cities list. I said I thought that was pretty hazy, unless the key criterion was cleanliness of handbags. Dorel agreed with me. She said to Marjabelle: "I think the people here are mean-spirited." Theo she said: "Ouch!" Then she said to me: "She pinched me under the table!" Marjabelle continued to smile at me with radiant politeness.

Next we had our tea and our tea sandwiches, which are cute sandwiches too small to be seen by the naked eye, although you still have to make them last two bites, according to Marjabelle. Also you need to lift your teacup in a certain way so as to indicate that you are a classy individual.

While we ate, we discussed current events. Marjabelle told me that a medical journal had recently reported that "people with beautiful manners don't get colds." As she explained it, "it's the immune system that's affected. It drains out, and they don't get colds!" I asked her what she thought of the movie "Titanic."

"It was a great etiquette lesson," she said.

I asked her how she handles rude motorists.

"If they give you a bad signal — you know, that naughty thing they do — you just blow them a kiss and drive on," she said.

"I don't think in Miami you should blow them a kiss," observed Dorel.

I asked Marjabelle what she thought was the biggest problem facing the nation.

"I still think it's the way we hold the knife and fork," she said, and she was not kidding. She gave me a detailed lesson, and I found that I have many problems with my technique. Among other things, I've been using the shovel method, and making my turn way too early. I also tend to saw the food, rather than stroke it. Knife and fork usage turns out to be an extremely complex topic. The main thing to remember is: Whatever way you're doing it now, it's wrong.

At the end of our High Tea, the chef who had prepared our sandwiches, Larry Kenny, came out to see how everything was. We got to talking, and Larry told us that he also plays blues harmonica, and he's trying to market a pilot TV show called "Larry Kenny's Rock and Roll Kitchen." The idea is that each week he'd have guest musicians perform songs and prepare their favorite dishes. ("On today's show, Ozzy Osbourne will show us how to make Roast Head of Bat.")

Marjabelle, who thinks pretty much everything is wonderful, said she thought this concept was wonderful. So do I: if you are a TV producer, I urge you to contact Larry and take him to lunch. Make sure there are plenty of doilies.

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High Society: The English Upper Classes at Play

By Mary Blume
International Herald Tribune

LONDON — As photography became more accessible in the late 19th century its uses also grew, some optimistically scientific (studies of "criminal" and "lunatic" types), some ensuring immortality to those who did not have the funds to have their portraits painted, and some to capture the amusing ephemera of Edwardian life.

The National Portrait Gallery's show, "High Society: Photographs 1897-1914" (until June 21), centers on the most ephemeral of all, pictures of the upper classes at play, on long weekends and above all at fancy dress balls. It is based largely on the 1988 discovery of more than 50,000 negatives from the London and Manchester branches of the Lafayette studio as well as on the archives of society photographers.

The custom of taking pictures at fancy dress balls continued well into our century: Horst and Man Ray did it between the wars, and at the Rothschild "Proust" ball of 1971 Cecil Beaton, costumed as the great photographer Nadar, set up a small studio to photograph the guests. "One sitter was Elizabeth Taylor, whom Cecil loathed, while Princess Grace was 'very pretty' and the Duchess of Windsor 'behaved like a mad Goya.' Her face so pulled up that the mouth stretches from ear to ear," according to Beaton's biographer, Hugo Vickers, who also wrote the introduction to the catalogue.

Photography per-

fectly suited the rather hard-nosed giddiness of late Victorian and Edwardian high society and its fascination with speed (the only truly modern sensation, according to Aldous Huxley). Edward VII and his mistress, Daisy, Countess of Warwick, were snapped, separately, in their huge motor cars; the Marquess of Queensberry, Oscar Wilde's destroyer, posed proudly next to his new bicycle, having graduated from a tricycle in only six months. Those who had the means to have their portraits made in oil also posed for photographers — the new MP Winston Churchill, the future Queen Mother at the age of 7. The beautiful Duchess of

Marlborough (née Consuelo Vanderbilt) displayed her swan neck to the photographer as she had to Beldini.

But it was at the balls that the photographer's art became unique, beginning with the famous Devonshire House Ball of 1897 in celebration of Queen Victoria's Diamond Jubilee. James Lafayette set up a tent in the garden and guests queued until 4 A.M. to have their fancy dress immortalized on glass. The Duke of Portland, who had enlarged his mustache with yellow cotton wool as part of his costume, inadvertently caught fire when he lit a cigarette.

The Duchess of Devonshire attended her ball as Zenobia, Queen of Palmyra, in a dress made by Worth. Margot Asquith was an Oriental snake charmer, Daisy, Princess of Fless, posed as the Queen of Sheba with a towering headdress and a fan the size of a tea table. Their gowns were costly and luxurious and, despite their historical pretensions, totally Edwardian.

Society was changing. In addition to the American heiresses who had come to enhance the bank accounts or bloodlines of the aristocracy, popular actresses shared their beds and, when lucky, their titles. The Princess of Wales, later Queen Alexandra, a model of rectitude, nonetheless introduced the wearing of spangles in the daytime while the king's former mistress, the Countess of Warwick, sensitive to criticisms of the Devonshire House extravaganza, became an early Labour supporter, ac-



Daisy, Princess of Fless, as the Queen of Sheba.

cording to Vickers. Lady Canning-Stewart-Richardson, boldly danced bare-legged on the New York stage in an approximation of the Duncan style.

Photographers attended shooting parties which were not without drama, as when the Duke of Connaught shot the bird adorning the hat of the queen of Italy. But the process being slow, they worked mostly out of studios in front of painted backdrops. Lafayette is said to have made £100,000 from his 1885 photograph of the Princess of Wales in her academic gown as an honorary doctor of music.

With actresses posing as ladies and ladies posing as historical bad girls, one man stood out as his slightly mad self, Henry Cyril Paget, fifth Marquess of Anglesey, known as the Dancing Marquess, who squandered thousands of pounds on theatrical extravaganzas starring himself. Raised in France, he had his own Welsh island and was celebrated for his Butterfly Dance. Although his estates brought in £110,000 per year, he incurred debts of £544,000 in six years and died at 30, bankrupt in Monte Carlo.

On his death, The Bystander commented, "His example will remain one of the strongest arguments against our hereditary system that the most ardent revolutionist would wish for." He was a dream subject for the photographer: too stupid and mad to serve as an example of his time, but a comically vivid reminder of the excesses of the Long Weekend, which in any event the guns of August soon brought to a terrible close.

PEOPLE

THE Berlin Philharmonic's director, Claudio Abbado, will not extend his contract after it expires in 2002, the orchestra announced Friday. It said in a statement that Abbado had already entered another contractual relationship for after September 2002, when his engagement ends in Berlin, but it provided no details. An orchestra spokesman declined to elaborate. Abbado, 64, took over the orchestra in 1989, after the death of Herbert von Karajan.

Walt Disney Theatrical Productions, flush from the success of "The Lion King," has decided that its next project will be a retelling of the Aida legend with 19 new songs by Elton John and Tim Rice. The musical, called "Elaborate Lives: The Legend of Aida," will have its

world premiere on Sept. 11 in the 800-seat auditorium of the Alliance Theatre in Atlanta under the direction of Robert Jess Roth. If it works, Disney hopes to take the show to New York. The musical is based on the original Aida legend, Disney said, not the opera.

The Algerian photographer Hocine of Agence France-Presse on Friday won the World Press Photo

of the Year 1997 for his picture of a grief-stricken Algerian woman whose eight children were killed in a massacre, the World Press Photo committee announced.

Gloria and Emilio Estefan's Bongos Cuban Café in Orlando can keep its name, after a federal judge in Miami ruled that the name does not infringe on a trademark held by the makers of Bongo hloe jeans.

Pulitzer-Winning Photos on Display in Tokyo

The Associated Press

TOKYO — An exhibition showcasing every Pulitzer Prize-winning photograph opened in Tokyo on Friday. The show, through March 8 at the Bunkamura museum, features 230 photographs taken by the 88 winners of the American journalism honor since the first Pulitzer for photography was awarded in 1941.

The singer and her husband opened their 500-seat Cuba-themed restaurant last fall at Walt Disney World.

NBC's 3000-to-depart sitcom "Seinfeld" has quietly dropped plans to film one of its final episodes in the city that provides its setting. Any street scenes or diner visits will be filmed where they always have been — on a huge lot in Los Angeles. Jerry Seinfeld, who grew up in the New York area and plans to live there again after his show ends in May, sounded enthusiastic last month about filming in New York. NBC referred questions about the change of plans to the production company, Castle Rock Entertainment, who referred them to Seinfeld's publicist, who would say only that producers found the trip "too complicated."



BENEFIT FOR AIDS — Elizabeth Taylor at the 10th Commitment to Life AIDS program in Los Angeles.



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King Tensions

Suharto Defy the IMF

By Michael P. ...

Indonesian President Suharto has defied the International Monetary Fund (IMF) by refusing to accept its conditions for a \$1 billion loan. The IMF has insisted that Suharto's government must implement a series of economic reforms, including privatization and budget cuts, before the loan can be disbursed. Suharto, however, has insisted that the reforms must be implemented gradually and in a way that does not disrupt the stability of the Indonesian economy.

The IMF has expressed concern that Suharto's government is not doing enough to address the underlying economic problems of Indonesia, which has been plagued by corruption and mismanagement for years. The IMF has also expressed concern that Suharto's government is not doing enough to address the needs of the poor, who have been suffering from the effects of the Asian financial crisis.

Suharto, however, has insisted that the reforms must be implemented gradually and in a way that does not disrupt the stability of the Indonesian economy. He has also insisted that the reforms must be implemented in a way that does not threaten the stability of the Indonesian government.

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